Austria	[illegible]	Indonesia	[illegible]	Oman	Or1
Bahrain	[illegible]	Iran	[illegible]	Philippines	[illegible]
Belgium	[illegible]	Israel	[illegible]	Portugal	[illegible]
Cyprus	[illegible]	Italy	[illegible]	Qatar	[illegible]
Denmark	[illegible]	Jordan	[illegible]	S.Arabia	[illegible]
Egypt	[illegible]	Kuwait	[illegible]	Singapore	[illegible]
Finland	[illegible]	Lebanon	[illegible]	Spain	[illegible]
France	FFr7.00	Lux	LFr50	Sweden	SKr13
Germany	DM2.20	Malaysia	Ring4.25	Switz	SFr2.40
Greece	Dr150	Morocco	Dh8.50	Thailand	Bht50
Hong Kong	HK$12	Neth	Fl2.50	Tunisia	Din1.000
Iceland	Ikr125	Nigeria	Naira10	Turkey	L1200
India	Rup15	Norway	NKr12.00	UAE	Dh7.50

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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NORTH KOREA

Beginning to peep out of the shell

Page 4

World News

Nato fails to agree draft conventional arms treaty

Last-minute disagreements within Nato prevented the organisation from presenting a draft treaty on conventional arms when East and West negotiators met.

The original draft, drawn up by the US, referred to a Nato-Warsaw Pact treaty but was rejected by, among others, France, which refused to see the negotiations strictly as "bloc-to-bloc" talks. Page 26

Menem warning

Argentina's President Carlos Menem warned striking public transport workers he was prepared to do battle to end the "sabotage" of his economic austerity plan. Page 7

EC examines feed

Four European Community governments backed by the EC launched inquiries into what a British minister called a "major criminal conspiracy" involving the contamination of animal feed that has already killed 100 cows. Page 26

Moslems gain

Moslem fundamentalists dominated Jordan's first parliamentary election since 1967, winning up to 30 seats in the 80-member lower house. Page 5

Cambodia grateful

Cambodia's government welcomed Britain's announcement that it would distance itself from the Khmer Rouge and send aid to people in the country. Page 6

Greece cuts credit.

The Bank of Greece reined in credit expansion to the private sector amid fresh indications of a widening of the country's domestic and external deficits, exacerbated by political confusion. Page 3

N Korea emerging

Efforts are being made to improve relations and open economic links between North Korea and Western countries, in parallel with South Korea's policy of establishing relations with the Eastern bloc. Page 6

Hindus build temple

Militant Hindus carried through plans to lay the foundation of a new temple in India in a decision possibly aimed at garnering Hindu revivalists' votes for the Government of Rajiv Gandhi. Page 6

Ozal sworn in

Conservative Turgut Ozal took the oath as Turkey's new president and picked loyal aide Yildirim Akbulut, the speaker of parliament, as his successor as prime minister.

UK Falklands move

Britain said it would extend its territorial waters around the disputed Falkland Islands in January despite opposition from Argentina.

Prisoners go home

The Soviet Union and Afghan guerrillas will begin exchanging prisoners of war soon, a Soviet negotiator told the government daily Izvestia.

Rockets hit Israel

Two salvoes of Katyusha rockets were fired at Israel from different areas of Lebanon.

$20m painting

"Interchange", a painting by Willem de Kooning, sold for $20.7m at Sotheby's auction house, a record for a painting by a living artist.

Business Summary

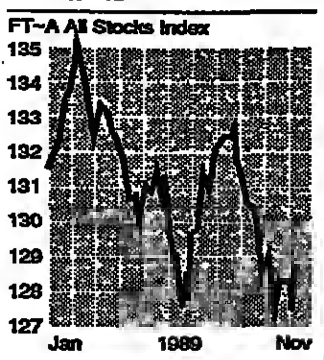
UK may be left behind over EMS, warns Rocard

Britain will be left behind if necessary as the rest of the EC presses ahead with monetary union, Michel Rocard, the French Prime Minister, said in Brussels.

Issuing the strongest warning yet to Britian to join the EMS, he likened Britain to the "slow boat" of the Community and said: "Great Britain can do what it likes, but we can't wait." Page 26

UK-gilts waited for the Bank of England quarterly bulletin, which emerged after hours,

UK Gilts



when the FT-A All Stocks Index rose 2.3 per cent to 128.75. Markets, Page 23

PHILIP Morris, US tobacco and food conglomerate, is to sell its 24.9% stake in Rothmans International, world's fourth largest cigarette producer, back to Richemont, which was set up last year to acquire the non-South African interests of Rembrandt Group. Page 27

WALT Disney, big US entertainment group announced a 56 per cent jump in profits to $212.7m for its latest quarter. Page 30

VEBA: net profits at the huge West German energy, chemicals and oil group, rose by 14.2 per cent to DM645m ($330m) in the first nine months this year. Page 28

HUTCHISON Whampoa, controlled by Mr Li Ka-shing, is selling two of its Hong Kong trading companies, John D Hutchison Group and Hutchison-Boag Engineering, to Inchcape Pacific, for approximately HK$870m ($111.5m). Page 31

UK economy: the Bank of England in its latest Quarterly Bulletin, concluded "there could be no question but that interest rates here had to rise when they did on the Continent." Page 10

ASIAN-US ties: trade links between the US and east and south-east Asian countries are weakening; according to a report by a team of Asian economists. Page 9

ALLEGHENY International, Pittsburgh home appliance maker languishing in bankruptcy court for a year and a half, received a $683.8m offer for its business from a New York investment firm. Page 30

LVMH: the battle for control of LVMH Moët-Hennessy Louis Vuitton, French drinks and luxury goods group, returns to the courts today in an atmosphere of mounting bitterness. Page 28

KABI, pharmaceutical division of Sweden's state-owned conglomerate Procordia, announced it will buy Fides, Spanish pharmaceutical group. Page 28

CHINA: New York-based Moody's Investors Service downgraded China's credit rating for long term debt as a direct result of the political turmoil there. Page 5

JAPANESE electronics: the US risks being almost totally dependent on Japanese electronics and other key equipment by the year 2000, Donald Atwood, Deputy Secretary of Defence, said. Page 7

Deng steps down from last official post

By Colina MacDougall in London

CHINA BEGAN a new era of uncertainty yesterday as Deng Xiaoping, the supreme leader and for 10 years the architect of the country's economic reform, resigned from his last official post, the chairmanship of the party's Central Military Commission.

The outlook for continuing reform and the "open door" policy which Deng promoted looks even bleaker because two rapnted conservative hard-liners – Preeident Yang Shangkun and his brother, Yang Baihing, both infiluential in masterminding the army's massacre of demonstrators in Peking in June – gained promotion in the reshuffle.

The resignation was reported hy the official New China News Agency.

"After careful consideration," Deng wrote, "I wish to resign from my present post whila I am atill healthy . . . This will be condncive to the cause of the party, state and army."

While it is widely believed that Deng will retain influence as long as he lives, he appears to have lost the battle he has been fighting since the massacre to keep some elements of the reform on course and the leadership at least balanced between conservatives and economic reformers.

Deng's post was awarded to his protegé, Jiang Zemin, the 63-year-old party general secretary. Jiang, who became party leader in June to replace the dismissed Zhao Ziyang, has no military background. He previously worked in Shanghai where he had a reputation as a technocrat and his appointment is seen as a victory for Deng hut one outweighed by the rise to power of the Yangs.

It is also possible, although this view is discounted hy diplomats in Peking, that Deng was forced out of office by the powerful Yang faction. Jiang Zemin is not thought to have the personal weight or backing in the party to control the Yangs and other hard-liners and is unlikely to survive after Deng's death.

Fnr some years Deng has said he wished to resign but has kept his military joh, observers believed, because the army would not accept hia other nominees.

The Central Committee meeting also approved a communique calling for more party control over the economy and independent local governments (such as the southern provinces of Guangdong and Fujian) which have ignored orders from Peking and pursued their own interests.

It also stated that the "austerity programme," hegun in September last year to quell inflation, would last for another two years. This has reduced inflation but has crippled enterprises and increased unemployment.

Deng leaves the door open; China's deht standing downgraded, Page 5

Deng Xiaoping: architect of China's economic reform

Bonn prepares for new refugee flood as E German borders open

By Leslie Colitt in West Berlin and John Lloyd in East Berlin

WEST GERMANY was last night bracing itself to receive an enormous influx of refugees after the East German Government announced it would immediately throw open its borders with the West.

The surpriae action, announced last night by Mr Günter Schabowski, the Communist Party media chief, gives East Germans free and almost instant travel to the West for the first time since the Berlin Wall was built in 1961.

It appears to make the entire rationale for the Berlin Wall redundant.

The US was among the first to react to the move.

The White House said: "We appland the decision by the East German Government to allow its citizens to travel freely....it would be an important step in the direction of peaceful and evolutionary democratic reform."

West German estimates put the total of those wanting to leave East Germany at between 1.2m and 1.4m out of a total 16m.

Already this year more than 200,000 have left by either legal or illegal means.

Mr Schabowski said: "Today the decision was taken that makes it possible for all citizens to leave the country through East German crossing points."

He said those East Germans who wanted to visit other countries and then return would still need a visa, but that the visa requests would be handled at local police stations without delay.

- Credihle reformers wanted
- Modrow: man of the party rank and file
- Demand for congress
- Kohl forced to drop Auschwitz visit **PAGE 2**

Last night the Mayor of West Berlin, Mr Walter Momper, estimated that within a few days West Berlin would be as full of East Germans, visiting and otherwise, as it was of visiting West Germans.

He said West Berlin was hoping to open up old transport links with the eastern half of Berlin and with East Germany in order to accommodate the expected influx.

Mr Schabowski announced the measure towards the end of a press conference held in a centre only a few hundred yards from Checkpoint Charlie, the main East-West crossing in Berlin creating widespread confusion among domestic and foreign journalists.

A version put out immediately afterwards by ADN, the official East German news agency said that permission to leave would he given "promptly" and "without demanding preconditions for a permanent exit." A request "may only he rejected in extraordinary cases."

The sudden liberalisation means that the circuitoue route which has been taken hy ahont 60,000 East Germans since last weekend through Czechoslovakia, and described by Mr Schabowski as "embarrassing," becomee unnecessary.

Last night's announcemeot came after another extraordinary day during which East Germany's leaderehip announced that an Extraordinary Party Conference would be held next month – the first conference for decades.

The conference, to be held from December 15 to 17, however, falls short of demands from rank-and-file members for a special congress to elect a new Central Cnmmittee and ruling Politburo.

Rebellious Party officials in the provinces are already challenging the decisions of Mr Egon Krenz, the Party leader.

Mr Hans-Joachim Böhme, a hardline Polithuro member re-elected to the ruling body only this week, was ditched from

Continned on Page 26

Eleven face charges in Blue Arrow affair

By Richard Waters in London

CRIMINAL charges were brought in Britain yesterday against 11 people involved in the Blue Arrow affair, amoog them six former or current executives of County NatWest.

The charges, alleging coospiracy to defraud, shook the City of Londnn, which has already had to cope with the aftermath of a series of allegations relating to Blue Arrow's unsuccessful £837m ($1.3ho) rights issue two years ago.

The charges also allege conepiracy to defraud against County and UBS Phillips & Drew, two of the City's leading financiel institutions. The accusatioo is also levelled against NatWest Investment Bank, County's pareot.

Yesterdey's developments followed a series of early morning arrests hy the Serioos Fraud Office and the City of London Police frand squad.

The charges stem from the failed £837m Blue Arrow rights issue in 1987, which led to County and Philips & Drew being left with a substantial proportion of the shares.

The affair led to an investigation hy Department of Trade and industry inspectors, and prompted a spate of resignations this summer. These included Lord Boardman, the chairman of National Westminster bank, and three of the clearer's executive directors.

Those charged yesterday

Continned on Page 26

Background, Page 11; Lex, Page 26

Moscow welcomes purge of the hardliners

THE Soviet Union yesterday welcomed the upheaval in the Communist Party leadership of East Germany, and hinted that it might be prepared to live with a non-Communist regime in the country, as it has done with Poland, writes Quentin Peel in Moscow.

At the same time, a government spokesman in Moscow also indicated that the question of "stability in Europe" would be the right subject for discussion at the forthcoming informal summit meeting between Presidents George Bush and Mikhail Gorbachev.

Mr Gennady Gerasimov, the Foreign Ministry spokesman, also linked the question of German reunification directly to the continued division of Europe into military blocs, in what was an apparent relaxation of the traditional outright Soviet hostility to any suggestion of change.

While insisting that any changes and reforms in East Germany should be decided in that country, Mr Gerasimov said: "These changes are for the better. That is for sure. It is their country, they know it better. But we welcome these changes. They didn't talk until recently. They are talking now."

Questioned on the possibility of the Communist Party losing power in East Berlin, he compared the situation with Poland.

"In Poland you have a coalition. You don't have a Communist government. But Poland is a good member of the Warsaw Pact. Governments may change, but international obligations remain."

He was questioned repeatedly on the Soviet attitude to the renewed debate over German reunification, and insisted that it was not "realistic" to raise the question at the present time.

However, he was careful not to be drawn into any categorical rejection of the possibility.

"Let us be realists. If we keep our feet on the ground, we cannot see any possibility of reunification of both Germany's now. Let us disband the Warsaw Pact simultaneously with Nato, and then maybe the situation is going to change, and we can return to this subject and discuss it again."

He said that Soviet perceptions of threats to its own security had changed. In the years after the war, such threats were perceived geographically: "The Soviet Union was a victim of invasion from the West."

However, today new military technology meant that even "an explosion near a nuclear power station would cause a holocaust, so that we think the concept of national security has been changed."

Mr Gerasimov did suggest the Soviet Union's real concern at the pace of change in Eastern Europe, when he welcomed the suggestion that the events in East Germany, Poland and Hungary should be discussed at the US-Soviet summit

Soviet economic conference, Page 26

British banks increase cushion for bad Third World debts

By Stephen Fidler, Euromarkets Correspondent, in London

TWO LEADING British banks, Lloyds and National Westminster, yesterday announced they would sharply increase their cushion for bad Third World debts, a move which should do much to put a lingering problem behind them.

Lloyds said it was adding £1.2bn ($1.89bn) to provisions for doubtful developing country debts, which will cause it to report a substantial loss for 1989.

NatWest said it would raise the level of its reserves by £575m ($907.92m), leading to a significant reduction in profits.

The move means that Lloyds is protected against loss on 70 per cent of its entire £4.2bn ($6.63bn) Third World exposure, and 85 per cent on its medium and long-term loans to 29 developing countries with problems servicing their debts.

NatWest is 65 per cent covered on its £2.2bn ($3.47bn) developing country book, or 72 per cent provided if £220m ($347.38m) of voluntary short-term credits, which are being fully serviced, are excluded from the calculation.

Both banks cited a worsening in the ontlook for the prompt servicing of this debt over the last few months, and say that the new international debt strategy, which emphasises the reduction of developing country debts, has played a part in bringing that deterioration about. The strategy was launched in March by the US Treasury Secretary Mr Nicholas Brady.

Banks have been hobbled by the less developed country (LDC) debt crisis since it broke in August 1982, when Mexico announced that it could not meet its debt obligations. Despite the losses or profit falls which they imply, hanks announcing large debt provisions have usually heen greeted with significant increases in the price of their shares because such banks are considered better able to put the debt problem behind them. Following this pattern, Lloyds shares were up 31p yesterday to 413p, while NatWest's rose 12p to 324p.

Both banks said that a rights issue would not be necessary to finance the increase in reserves. Lloyds announced a scrip or capitalisation issue, in which one old share will be exchanged for two new ones. It added that £300m ($473.70m) of the increased provision would come from its revaluation its premises.

Midland and Barclays, the other two main clearing banks, both said yesterday they had no plans to increase provisions from the roughly 50 per cent level to which they were raised at mid-year.

The Bank of England is currently revising its guidelines for banks on developing country debt provisions. However, the provisions of both NatWest and Lloyds are likely to far exceed the level suggested by these guidelines, which are expected to imply a 50 per cent ratio of reserves to loans is appropriate.

Background, Page 27

MARKETS

STERLING
New York lunchtime:
$1.5811
London:
$1.5865 (same)
DM2.9325 (2.9275)
FFr9.9425 (9.92)
SFr2.5725 (2.565)
Y226.50 (227.00)
£ index 89.0 (88.9)

GOLD
New York: Comex Dec
$389.1 (390.8)
London:
$387.25 (384.25)

N SEA OIL (Argus)
Brent 15-day Dec
$18.025 (+0.225)

Chief price changes yesterday: Page 27

DOLLAR
New York lunchtime:
DM1.8505
FFr6.2745
SFr1.624
Y143.075
London:
DM1.848 (1.8455)
FFr6.2675 (6.2525)
SFr1.621 (1.617)
Y142.80 (143.15)
$ index 69.8 (69.7)
Tokyo close: Y142.70

US LUNCHTIME RATES
Fed Funds 8⅜%
3-mo Treasury Bills: yield: 7.972%
Long Bond: $102\frac{23}{32}$
yield: 7.880%

STOCK INDICES
FT-SE 100:
2,201.7 (−2.1)
FT Ordinary:
1,784.3 (−9.9)
FT-A All-Share:
1,108.87 (−0.1%)
New York lunchtime:
DJ Ind. Av.
2,619.88 (−3.48)
S&P Comp
338.34 (+0.19)
Tokyo: Nikkei
35,657.42 (+61.83)

LONDON MONEY
3-month interbank:
closing 15% ($15\frac{1}{32}$)
Liffe long gilt future:
Dec $92\frac{7}{16}$ ($92\frac{7}{32}$)

MARKET REPORTS: CURRENCIES, Page 48; BONDS, Pages 32, 33; COMMODITIES, Page 40; EQUITIES, Pages 41 (London), 49 (World)

CONTENTS

Rama Rao tries to hide political wrinkles under his make-up

N. T. Rama Rao (left), Chief Minister of the south India state of Andhra, has lost none of the flamboyance that entranced cinema audiences for 30 years. Ha is at his histrionic hest on the Indian election campaign trail. Page 4

EUROPEAN NEWS

Kohl obliged to put off visit to site of Auschwitz

By David Marsh in Warsaw

MR HELMUT KOHL, the West German Chancellor, yesterday faced fresh embarrassment over his trouble-plagued visit to Poland.

A planned pilgrimage to the site of the Auschwitz concentration camp had to be postponed because of objections from Mr Heinz Galinski, head of the West German Jewish Council.

The Auschwitz controversy overshadowed Mr Kohl's arrival in Warsaw yesterday afternoon on a five-day trip to put forward economic help for Poland. He immediately went into talks on supporting Polish reforms with Mr Tadeusz Mazowiecki, the Polish Prime Minister, and Mr Lech Walesa, the Solidarity leader.

In a dinner speech last night Mr Kohl said West Germany and Poland were starting a "new chapter" in their relations, but underlined that private companies would have to play a strong role along with governments in boosting the Polish economy.

Kohl: in Poland

Mr Kohl's visit to Auschwitz, originally planned for tomorrow, was put back to Sunday after Mr Galinski – who is travelling with the Chancellor's large delegation – objected to going there on the Jewish sabbath. Mr Galinski's reasoning surprised Mr Kohl's officials, but underlined the sensitivities which have dogged planning for the trip.

Mr Kohl now faces a logistical test on Sunday by visiting the former concentration camp site in the morning and going on to a Catholic mass in Lower Silesia in the afternoon.

The mass was re-arranged last week after Poles voiced misgivings over an earlier plan to go to a mass at the site of a bloody confrontation between Poles and Germans in 1921.

The atmosphere of the visit has also been soured by uncertainties over Poland's borders. Mr Kohl emphasised that West Germany would respect Polish people's right to live in former areas of the Reich annexed in 1945.

But the final question of Poland's boundary with Germany could be settled only when a peace treaty was signed with the Second World War victors, he said.

IMF backs Polish economic plan

By Christopher Bobinski in Warsaw

POLAND has won the approval of the International Monetary Fund for the broad outlines of its economic policies but agreement on an adjustment programme can only be finalised next year according to Mr Massimo Rousso, head of the IMF's European Department.

Mr Rousso, who has been conducting talks in Warsaw, said yesterday: "We have achieved sufficient agreement to understand that such a timetable is possible."

The fund is still awaiting information on the possible other western sources and levels of financing the Poles will be able to count on next year but has already assumed that such will be available and shelved a once mooted target for Poland to balances its external payments by 1991.

December will see the presentation in parliament of Poland's budget for next year which will provide concrete information on how far and fast the Government intends to move towards a free market.

Given Poland's IMF quota the country can expect to raise credits worth up to $700m next year of which a first tranche of $200m would be available if an agreement was signed in February in the first quarter.

An adjustment agreement with the IMF is seen as crucial to Poland's chances of normalising relations with Western creditors and raising a $1bn stabilisation loan from western governments to help establish an internal foreign exchange market where companies and private individuals would be able to buy and sell at rates reflecting supply and demand.

Wanted: credible reformers for the party

Pluralism cannot emerge in a society lacking opposition forms, writes John Lloyd

EARLIER THIS year, Mr Hans Modrow, the Dresden Communist Party leader who was bolsted into the politburo on Wednesday and nominated as Prime Minister, was talking of economic reform preceding political reform.

That was in the time, aeons ago, when the Socialist Unity Party believed it controlled events. It no longer does: and in its desperation, its leader, Mr Egon Krenz, has promised an electoral law permitting a "free, general and secret poll, open to public control at every step".

Mr Günter Schabowski, the East Berlin party leader who is emerging as the spokesman for the embattled politburo, added at a press conference that it was "theoretically possible" for his party to lose power – but went on to say that it had *not* adopted "the suicidal notion that it could be swept from the political stage".

The East European communist parties have, in their travails, been rich in ambiguities – ambiguities which all stem from the fact that the words used are capable of many different meanings – or none at all. This is not the result of a master plot: it is the natural effect of parties seeking to juggle the retention of power with those concessions required to defuse the opposition.

In the Socialist Unity Party, there has not been visible – and there is not now visible – a group of reformers pushing for change in the political system. And even those who advised a liberalisation of the economy – such as Dr Wolfgang Heinrichs, a former deputy minister and senior economic adviser – kept their advice largely to themselves while Mr Erich Honecker, deposed from party leadership only last month, was general secretary. The party has been much more successful than others in preserving a unity of line: that strength is now a weakness, for its has nowhere to turn to give flesh to Mr Krenz's statement on free voting.

It is overwhelmingly likely, however, that the preferred option for achieving "free" elections will be the granting of greater power and independence to the communists' four allied parties – the Christian Democratic Union (about 130,000 members), the Liberal Democratic Party (100,000), the National Democratic Party (100,000) and the Democratic Farmers Party (110,000).

Indeed, the most prominent leader among these, Mr Manfred Gerlach of the Liberal Democrats, has taken on a certain popularity in the past months and is talked of in official circles as likely to take over the presidency of the Volkskammer, or assembly, from Mr Horst Sindermann – one of the departed members of the politburo.

These four parties have sufficient united voting strength in the assembly to ontvote the communist delegates – though not if the party could call on those delegates who represent unions, youth and women's groups, which are party-controlled.

It is necessary to recall how shallow is the base which the allied parties have – and thus how difficult it will be for them to pose as carriers of the seeds of a radically new system.

The CDU, for example, is officially described as organising people who "are motivated by Christian faith and traditions, are committed to peace, human dignity and social justice and actively building socialism". The liberals "are called upon to take an active part in implementing the country's peace policy and continuing its course of translating economic success into social benefit."

In short, these are organisations which have been set tasks by the Communist Party: they have never developed their own programme, and have naturally tended to evolve the view that communist domination was a fact of life. That state of mind – which Mr Gerlach and his colleagues are now battling against – may suit the communists but is unlikely to be accepted by the masses, maybe not even by some members of the Socialist Unity Party.

That circle could be widened by the inclusion of a legalised New Forum, the opposition umbrella group, allowed perhaps to operate on a national scale in the way it has recently been invited to do (by Mr Modrow) on a local level – that is, contributing dissenting experts to working groups. Conceivably, too, it could be allowed to become a party in its own right, though its own amorphous nature might prevent or at least delay that.

It should be further remembered what political life in the German Democratic Republic has *not* been. It has not been in the least democratic: the allied parties were shells, the trade unions transmission belts, the social organisations party fronts. Some part of this is even conceded now by Mr Krenz and his new colleagues.

Opposition has not come, as in Poland, in a great roar from below: nor has there been, as in Hungary, a proliferation of independent parties: nor even, as in the Soviet Union, the formation of putative opposition round charismatic dissident figures or the regional growth of popular fronts.

Even the intelligentsia has until recently been quiescent – or in exile.

Even if Mr Krenz wanted to (we can be fairly sure he does not), he could not conjure pluralism out of this air. It is thus up to the populace to develop opposition forms and parties – something which may be a rapid affair when it starts, but has not started yet.

It may be that, just for now, Mr Krenz cannot secure assent for a managed democracy, and the people cannot manage a democracy of their own.

E Berlin's mild-mannered man from the rank-and-file

By Leslie Colitt in East Berlin

MR HANS MODROW, the mild-mannered reformer elected to the East German politburo this week and who is certain to be the next Prime Minister, is an ardent admirer of Japan. He is less enthusiastic about the Soviet Union.

This is not because he spent four years in a Soviet prisoner-of-war camp after heing drafted in 1945 into Hitler's last-ditch "Volkssturm" army. It has more to do with the fact that he was confronted with the stubborn Soviet economy when he studied Soviet agriculture for a year in Leningrad. The experience has made him sceptical about the prospects for Mr Mikhail Gorbachev's experiment in agricultural co-operatives.

Mr Modrow is often compared with Mr Gorbachev and is undoubtedly one of the few genuinely popular East German party leaders.

When the engine fitter from Mecklenburg in the north – who has a degree in economics – was sent by the party to head southern Dresden district in 1973 he aroused the enmity of factory directors by refusing the customary presents-in-kind given to district chiefs. But he gained the respect of Dresdeners by refusing to live in the official villa; instead, occupying a three-room flat with his wife and children.

Having got to know ths ascetic and modest Mr Modrow when he headed the Free German Youth movement's East Berlin branch (and the party organisation in the capital's Köpenick suburb in the 1950s and 60s), his enemies in the party hierarchy were all too eager to keep him as far from the centre as possible.

Only last summer the Dresden party was viciously attacked by the central committee for inadequate "political mass work." Some of his detractors in Berlin noted that Dresden had one of the highest rates of migration to West Germany. Now, however, the exodus from East Berlin is nearing the top of the chart.

As head of the GDR-Japan Friendship Society, Mr Modrow has made frequent study trips to Japan. He believes that economic reform in East Germany can be carried out with a minimum of political dislocation and he admires the Japanese obsession with industry and economics.

Krenz faces up to Congress call

Leslie Colitt looks at the furious demands facing the new leader

Last week, East Germany's Communist Party leaders were facing rebellion in the streets. Now they are facing a wholly new rebellion - from their rank-and-file comrades in the party.

In an explosion of fury, thousands of angry and disillusioned Party members gathered late on Wednesday afternoon in front of the forbidding grey Central Committee building on Werderscher Markt.

"Egon, Egon," they cried. But Egon Krenz, the freshly re-elected Party General Secretary, stayed inside his Central Committee building. The Party protesters held up hand-scrawled placards, demanding a special Party Congress immediately.

A special congress is extremely rare, requiring one-third of the Party membership to openly oppose the policies of the Politburo and call for one to be convened.

They tend to bode ill for the ruling Party apparatus. Party members can demand a new election of the Central Committee which, in the case of the East German Party (the SED) could result in a clean sweep from the CC of ultra-conservatives – of whom there are many – and a new Politburo including General Secretary. But understandably Mr Krenz said nothing about a Party Congress in his speech to the CC earlier.

Speaker after speaker told the embattled Party leadership - still inside the building - of the alienation and revulsion which had built up over years in the lower echelons of the 2.3m - member SED.

Most of them were young comrades who had their careers before them. They were now watching helplessly as a population which had shed its fear openly rebelled against the dictates of the Party. It did not need much imagination for the young Party members to foresee what their future in the SED would be like after democratic elections.

Ms Margot Thiemann, a young comrade, told the crowd that the Party did not "listen to us for 40 years" and now the people refused to listen. "We, the Party basis, stands in front of the door and the leadership inside is still not listening to us," she said to applause.

"Egon, Egon" the crowd chanted. Another speaker, Comrade Marina Leichner, warned the leadership to stop calling the crisis which it had brought about a crisis of the country.

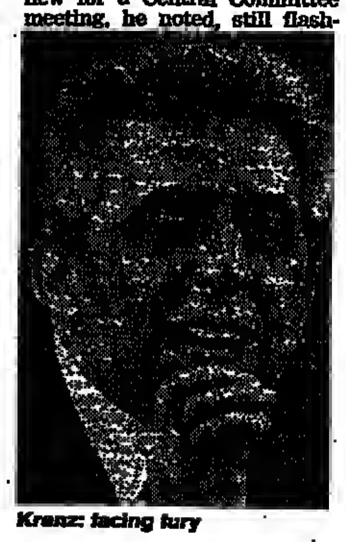
"The issue now is to legitimise socialism, not to make a better socialism," she said turning the leadership's words against it.

The "corruption and self-righteousness" of the SED leadership created the crisis and for this it should be made responsible under "criminal law."

The "leading role" of the Party had to go she said to rising applause. This was precisely what demonstrators had been demanding in the streets for weeks.

After more than a dozen speakers had vented their frustration and wrath on the Politburo and CC, "Egon" emerged from the building wearing a beautifully-tailored suit and grinning widely.

The ripple of applause died quickly. This was something new for a Central Committee meeting, he noted, still flashing his broadest smile. "But I understand that you want to fully support the renewal of the Party," he said.



Krenz: facing fury

Embarrassed silence followed isolated clapping and more calls for a Party Congress grew. This was later described as "heavy applause" in the official press.

He had gotten thousands of letters in the last few days and promised all of the proposals and requests would be considered by the CC meeting.

"Convene a Party Congress" the crowd insisted impatiently. Mr Krenz said that in the interest of democracy one could not prejudice the results of the CC discussions with any "single view."

He assured the comradss that what they all wanted was a socialism which was "economically effective, politically democratic and morally clean and which is interested in the individual." But now he had to go.

"We must deliberate and work together. I wish you all the best." More silence and murmers of dissension.

A young Party official stood up and called on the comrades to sing "Brüder zur Sonne zur Freiheit" the old German socialist anthem. But the "Genossen" (comrades) were not taking orders from anyone.

The demonstrators to the last man and woman began loudly singing the Internationale with the stirring words "...fight for human rights."

W Germans suggest new reforms for the East

By David Goodhart in Hamburg

TWO PROMINENT West Germans, Mr Helmut Schmidt, the former Chancellor, and Mr Eckart van Hooven, a board member of Deutsche Bank, yesterday came up with suggestions for promoting economic reform in East Germany.

Mr Schmidt proposed a massive injection of West German aid, on condition that last May's local elections in East Germany are re-run, financed by a special income tax surcharge on West Germans.

He speculated that such a tax, perhaps representing a 5 per cent rise in income tax, might continue for about three years. "It is only right that we should give up a small part of our great wealth to support such a cause," he said.

Mr van Hooven suggested that West German industry should form a "task force" of managers to advise their colleagues in East Germany on everything from technology to marketing. He did not rule out material aid, in particular for promoting incentive systems, but said that West German companies simply offering to build new plant in East Germany would not be helpful.

"We should offer aid in a humble way. We should not impose on them but let them come to us and tell us what they want," he said.

He added that contacts between the top management of the East German *kombinate* (holding companies) had intensified considerably since the political crisis in East Germany began. "These contacts must deepen and we must do all we can to support the pragmatic business leaders against more conservative politicians."

The past few weeks have also seen increasingly radical calls for economic reform from within East Germany. Mr Günter Schabowski, a newly appointed Politburo member, and other senior officials, have publicly derided the current subsidy system and called for a shake-up of the *kombinate*. A debate has also begun in the official trade union movement over questions such as a proper right to strike.

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EUROPEAN NEWS

Italy aspires to a bigger regional role

By John Wyles in Roma

AFTER DECADES of relative passivity, Italian foreign policy in Europe will be seeking to acquire a new dimension this weekend at a meeting in Budapest of senior ministers from Italy, Austria, Hungary and Yugoslavia.

Tha intention behind the Italian initiative is to play a leading regional role in Western Europe's efforts to help governments seeking an exit from communism in the direction of democratic pluralism.

Tomorrow's talks in Bndapest will aim at creating a close quadripartite grouping based on regular ministerial contacts and collaboration on industrial, technical and scientific issues, transport, telecommunications and environment.

Italy's choice of partners is both geographically and politically determined. Mr Gianni De Michelis, its new Foreign Minister, says the idea grew out of Austria's decision earlier this year to apply for European Community membership.

Rome supports this application but recognises that Austrian accession may not be possible before the mid-90s. In the meantime, it believes that Italy can play a key role in drawing Austria politically closer to the EC, and in the process solve important bilateral issues such as the rights of German speakers in the South Tyrol.

It theu became natural to draw in Hungary after the political upheavals of the summer, and Yugoslavia, always an anomaly in the East European Communist world, which is now struggling against economic and political collapse. The fear in Rome is that turmoil in Yugoslavia, particularly if Serbian nationalism were to take coutrol, could drive bundreds of thousands of refugees across its borders.

If Czechoslovakia were to follow Poland and Hungary in sbandoning the Communist system, then it, too, could easily be embraced by the Italian initiative, says Mr De Michelis. "We are moving to fill a vacuum," he observed this week, denying that Rome's autonomous diplomacy would in any sense undermine political cooperation in the Community. "We have discussed this with our partners in Nato and the EC and they are completely in agreement with it."

Although Mr De Michelis inherited the quadripartite idea when he took over in July from Mr Giulio Andreotti, now Prime Minister, he has made the main political effort to interpret the changes in East Europe for the Italian public.

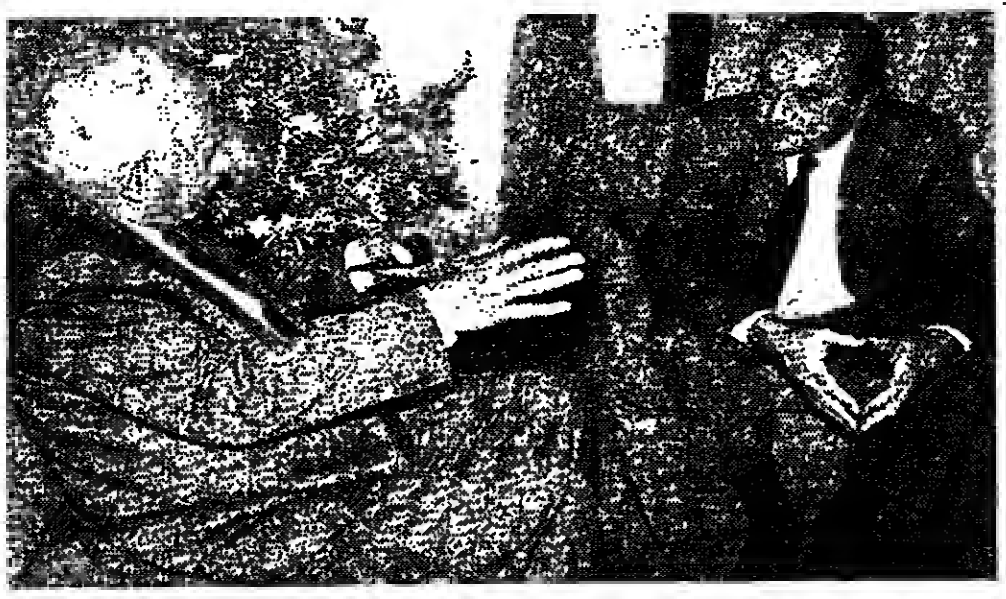
His constant theme is identical to that of Mr Jacques Delors, the European Commission president, and President François Mitterrand of France: that the pace of EC political integration must be speeded up both to increase the Community's strengtb as a pole of attraction for Eastern European countries and also as a firm anchor for West Germany as it seeks reunification with its eastern half.

Any possible enlargement of the EC to incinde countries such as Poland and Hungary must still be a long way off. But he believes that Western Europe will have to commit political and economic resources to ease their transition towards pluralist democracy or face the possibility of disastrous collapse whicb could undermine the Community itself.

"In this respect the Budapest initiative is not a choice, but s duty," he says.

He goes on to argue that Italy must now become "one of the leaders of the EC in the 1990s" because of its economic strength, regional location and diplomatic opportuuities. Believing that tensions around the Mediterranean should ease as the Soviet-US relationship improves, Mr De Michelis sees the chance of Italy returning to active diplomacy in the three areas which have been of interest since the Roman Empire: Western Europe, Ceutral Europe and the Mediterranean.

He might also add that it takes a Venetian with a sense of history like himself to see the opportunities. Explaining his view of the world, he says, only half in jest: "There is the world, there is the centre of the world, which is Europe, and st the centre of Europe, there is Venice."



PROSPECTS FOR forming an all-party government to tackle Greece's urgent economic problems brightened yesterday as Mr Constantine Mitsotakis, head of the Conservative New Democracy Party, wound up talks with the Communist and Socialist leaders, writes Kerin Hope in Athens.

Mr Mitsotakis, dropping his earlier efforts to form a minority administration, has proposed that an "ecumenical" government should hold power until Parliament votes for a new head of state next spring. Fresh elections must be held if none of the presidential candidates secures 180 votes in the 300-member House, an outcome which many deputies believe is inevitable.

Mr Andreas Papandreou, the former Socialist prime minister, who beld a rare meeting on Wednesday with Mr Mitsotakis, a hitter political enemy, has left open the possibility of an all-party government. Mr Harilaos Florakis, the Communist leader, pictured above left with Mr Mitsotakis, said he approved of the idea in principle, although policy differences would make it hard to implement.

However, Mr Mitsotakis also seems ready to consider a government formed of technocrats and academics which could apply tough economic measures needed to control runaway deficits and 14 per cent inflation without political cost. Before handing the exploratory mandate over to Mr Papandreou, he also met Mr Apostolos Lazaris, a former Socialist economy minister and one of three independents holding the balance of power in a bung parliament.

Mr Lazaris, a moderate who was backed by both Socialists and Communists in last Sunday's election, could be prime minister in an all-party government. However, the ecumenical solution would probably mean further delays in important foreign policy decisions.

Bank of Greece puts the squeeze on credit growth

By Bruce Clark in Athens

THE BANK of Greece acted yesterday to rein in credit expansion to the private sector amid fresh indications of a widening of the country's domestic and external deficits, exacerbated by political confusion.

Mr Dimitris Halikias, who as central bank governor, has steadily deregulated the once rigid Greek financial system, said he had taken temporary steps to discourage excessive lending because of a surge in demand for credit, reflecting fears that already high interest rates will rise even further.

Under yesterday's decree, any bank that allows credit expansion in the final quarter of the year to rise above 5 per cent will be penalised by having to place non-interest bearing deposits with the central bank to the value of 25 per cent of the extra credit. The aim is to keep the growth of credit from the commercial banks to around 20 per cent for the year.

Mr Halikias, said in an interview with the FT that this year's current account deficit could be as high as $2.5bn, up from last year's $957m, the lowest since the early 1970s.

Figures published this week show tha shortfall for January-September was $1.62bn, up from $553m in the equivalent period of last year. Comparing the first nine months of 1988 and of 1989, the visible trade gap rose 8.7 per cent to $6.37bn, receipts from tourism fell 19.7 per cent to $1.60bn, earnings from shipping were down 5 per cent at $980m, and remittances from Greeks abroad tumbled by 22 per cent to $1.03bn.

A rise in the inflow of investment capital (by 10.4 per cent to $498m) was outweighed by the drop (by 18.4 per cent to $561m) in the inflow of capital to buy real estate.

Mr Halikias described the situation as manageable, noting that foreign exchange reserves at the end of September remained relatively healthy at $3.87bn, although they were down from the historically high figure of $5.21bn recorded a year earlier.

He said it was s structural feature of Greece's external balances that several items on the earnings side, notably current and capital account remittances from Greeks abroad, were vulnerable to fluctuations during political uncertainty.

Once the confusion created by last Sunday's inconclusive election was cleared up, then "logically, this trend should be reversed," Mr Halikias said. He described as "very serious" the deterioration in the domestic balances which have seen the public sector deficit rise this year to an unprecedented level of at least 22 per cent of GDP.

Revenue was falling further and further short of expectations because of massive evasion not just of income tax hut also of indirect taxes including the relatively new value added tax, a problem no Government had shown the will to tackle.

In the absence of any serious attempt at fiscal prudence, the central bank had only managed to stabilise inflation at its relatively high level of 14.3 per cent through tough monetary policy and keeping the drachma relatively strong.

Mr Halikias said he was not sure whether in current circumstances the Government would be able to keep its promise to the European Community of liberalising the outflow of investment capital by the end of 1989. However, the central bank believed that the Government could and should take the step in the near future, even if a short extension proved necessary.

The governor said he hoped "early next year" to establish in Athens a long-awaited forward market in foreign exchange, a move that bankers believe would force into existence s much healthier interbank deposit market.

Bangemann hints at statute compromise

By Lucy Kellaway in Brussels

MR. Martin Bangemann, commissioner for the single market, yesterday attempted to soften Britain's resistance to the unpopular European company statute.

He said if the UK would agree to the statute, the Commission might drop its insistance that tha directive be passed by qualified rather than unanimous voting.

Despite Mr Bangemann's efforts there are no signs that the UK will drop its hostility to the plan, which would allow companies to register as European, at next week'social affairs council.

It has argued both that conditions for worker representation should be left to national governments, and has also claimed that the directive should be subjected to single country veto – which would simply allow the UK to block it.

Quoting from a recent study by the British Institute of Mangers, Mr Bangemann sought to prove that UK companies are uot – as is populariy believed – indifferent to negative over the directive.

According to the survey, whicb was based on 431 responses, 39 per cent of managers believe that the statute will make the operation of their European subsidiaries easier.

Mr Bangemann stressed the directive would not impose conditious on the UK any different from those it has already.

The statue would be voluntary, and companies could opt for a model based on the kind of loose collective bargaining system that already exists in the UK.

OECD agrees plan to list environmental hazards

By William Dawkins in Paris

AN INTERNATIONAL effort to catalogue the environmeutal hazards posed by 150 widely prodnced bnt little known chemicals was agreed yesterday by the 22 members of the Organisation for Economic Co-operation and Development.

The project, which could cost up to $200,000 for each chemical, is the first joint international effort to test and screen a large group of industrial chemicals, said the OECD.

It aims by 1994 to have gathered enough scientific data on these substances to allow individual Governments to screen them accurately for risks.

The information will be distributed through existing networks like the UN and International Registry of Potentially Toxic Chemicals (IRPTC).

The chemicals chosen for the project were drawn an OECD list of 1,500 chemicals made in amounts of more than 1,000 tonnes per year in at least one member country.

Enough is known about most of them to enable environmental anthorities to decide whether are not they might be dangerous and should be controlled.

W Germany opens inquiry into North Sea collision

By Kevin Brown, Transport Correspondant

AN INQUIRY was under way in West Germany yesterday into a collision between a Danish ferry and a Japanese container ship which killed three people and injured 15.

West German police said the 14,484 deadweight tonnes (dwt) Nordic Stream, owned by Toei Marine, appeared to have struck the stern of the 3,644 deadweight tonnes Hamburg, owned by DFDS.

The collision took place late on Wednesday night in Helgoland Bay, off the West German coast. The Hamburg had just left the River Elbe on its way from Hamburg to Harwich, in the UK, with 278 passengers.

The inquiry will centre on why the two ships were unable to avoid the accident after apparently being warned by the West German maritime authorities that they were on a collision course.

DFDS said the ferry was struck above and below the waterline in the area of the ship's lounge, where people were relaxing. The Hamburg, built in 1976 and relaunched two years ago after a £1m refit, can carry more than 1,000 passengers and 400 cars.

It returned to Bremerhaven under its own power. It was not in danger of capsizing because only one of its five watertight sections was damaged, police said.

EUROPEAN NEWS

US scepticism on economy turns to criticism

Anthony Robinson talks to Harvard economists who think Gorbachev is mistaken

AMERICAN economists heve long been sceptical ebout the chances for economic perestroika in the Soviet Union. After nearly five years of confusing zigzags, that scepticism is giving way to growing criticism of the economic policies followed by President Mikhail Gorbachev.

That scepticism could fade if the very restricted devaluation of the ronble really presages the start of e new determination to adjust Soviet prices to economic realities.

If so, Moscow has already been publicly assured of help from Washington. Mr James Baker, the Secretary of State, has offered to put US economists and others with practical experience of markets and financial institutions at the service of the Soviet Government, whose own efforts to transform an atrophied command economy into a demand economy appear to have run into the sand.

Prof Marshall Goldman, associate director of Harvard's Russian Research Centre, is one veteran analyst of the Soviet economy who argues that while Mr Gorbachev "deserves credit for trying, and for surviving politically, his economic policies thus far have been e failure."

Recalling that economic reform was the Soviet leader's original top priority, Prof Goldman notes that policy decisions taken since 1985 have disrupted an already parlous economy and led to higher inflation and lower living standards.

"Although factors outside his control, like the Chernohyl disaster, earthquakes and the collapse of oil prices, have played their part, the changes introduced hy him show either poor advice or poor judgment and have been either ambiguous or contradictory," Prof Goldman says.

Instead of devolving economic decision-making, earlier efforts at economic reform – which included traditional demands for harder and "more intensive" work, the merger of five agricultural ministries into one superministry, Gosagroprom, and a drive to improve quality by unleashing quality inspectors from Moscow – ended up by tightening rather than loosening the hurden of centralised control.

The Soviet leader then compounded the confusion with his ambivalent attitude to joint ventures and the fledgling co-operatives. These got off to e shaky start in 1987 after an initial ban on "privateering".

Since then, co-ops have been hobbled further as free enterprise became linked in the puhlic mind with higher prices and even *greater shortages in the state* sector.

"Unlike Deng Xiaoping a decade ago, Gorbachev has never given a clear, bold signal of his economic intentions," says Prof Goldman. "Deng clearly endorsed capitalist-style enterprise and individual wealth *creation*.

"He told the Chinese people that he did not care ebout the colour of the cat 'so long as it catches mice'. He also boosted incentives through more and better consumer goods."

This compares with ambivalence in Moscow accompanied by serious errors in macroeconomic policy, Prof Goldman believes.

"He listened to Abel Aganbegyan. Instead of giving higher priority to the consumer he poured more money into machine tools, continuing the traditional pre-eminence of beavy capital investment.

"Rather than cutting back in this area when faced with a 30 per cent drop in oil and gas revenues, he cut food and other consumer imports instead."

The war on vodka and the Rbs3bn ($4.77bn) drop in consumer imports reduced retail turnover by around Rbs10bn. This in turn cut tax revenues and contributed to the budget deficit.

The rise in this deficit from Rbs18bn in 1985 to Rbs90bn last year is "the major new destabilising element in the overall economic picture", Prof Goldman adds.

Until recently, the debate on the Soviet economic future among US economists centred on the relative merits of the gradual or "sequential" introduction of market methods compared to the virtues of a *rapid, "cold-turkey" conversion*.

This debate has been given greater urgency, and the cold turkey approach more credibility, hy the scale of economic deterioration during the Gorbachev years.

Prof Joseph Berliner, also of Harvard, argues that without a "pre-transition stage" to prepare the ground for radical changes "the system could blow a fuse".

Warning that cold turkey would lead to e sharp J-curve effect similar to the initial negative effect of currency realignments on the balance of payments, he told a recent seminar that in the present state of the Soviet economy "this could be so disruptive as to canse political and social breakdown."

He cited the economic collapse brought about by "war Communism" in the immediate *post-revolutionary* Soviet Union and the US depression as examples of systemic breakdown.

"Unless the existing system is adjusted to take part of the strain of transition all the blame for high inflation, unemployment and the rest of the negative consequences will fall inevitably on the new market system, which would then simply not be able to survive," he argued.

Over the objections of sceptics, including former Socialist planners in his endience who warned of the infinite delaying powers of hureaucrats given such e chance, Prof Berliner outlined six essential features of a pre-transition programme.

He argued that the existing centrally planned system itself must first be used to prepare the ground by eliminating the present macroeconomic distortions.

These were reflected in the budget deficit and the Rbs400hn in savings accounts and cash. Retail and wholesale price reform would have to he undertaken by the existing system to rednce not only the huge gap between prices and costs but also the extra gap between the present artificially low state prices and artificially inflated "market" prices.

Existing structural rigidities of both labour and capital would also have to he tackled first to allow state enterprises to shed surplus labour.

Describing the present Soviet economy as "a garden which has not been weeded for 70 years," Prof Berliner added: "It won't bear fruit until it has been."

Ozal asks former speaker to be new Turkish premier

By Jim Bodgener in Ankara

TURKEY'S new President Turgut Ozal turned the tables on jockeying factions within his ruling Motherland Party (ANAP) yesterday with a surprise choice of premier to succeed him, Mr Yildirim Akbulut, formerly parliamentary speaker.

President Ozal was sworn in yesterday at a ceremony boycotted by the parliamentary opposition as undemocratic, in view of his deep unpopularity due to unrestrained inflation.

The 62-year-old Mr Ozal took over from one of the last vestiges of military rule, President Kenan Evren, who as armed forces chief ordered the 1980 military coup.

In autumn 1983, Mr Ozal was first returned as premier at the head of the newly formed ANAP by an overwhelming popular vote against the military in the return to civilian rule.

Disappointed factional candidates not already in the cabinet were paid-off with state ministerships.

It now is a cumbersome group of 31 ministers with 15 state ministers. Among those left out was former education minister Mr Hasan Celal Guzel, who campaigned openly for the premiership, incurring Mr Ozal's displeasure.

Ozal: assumes presidency

Though Mr Akbulut is a moderate right winger, the cabinet took a decided tilt away from its liberals towards the "holy alliance" of right-wing nationalist and Islamic fundamentalist wings in ANAP with the inclusion of their respective leaders, Mr Mustafa Tasar and Mr Mehmet Kececiler.

The latter had in the past been excluded from a cabinet post by former President Evren's secular veto.

Other new state ministers from the right and fundamentalist fringes included the president's nephew, Mr Husnu Dogan, a former agriculture minister, and Mr Vehbi Dincerler, another former education.

Ministers with portfolios remained unchanged, including other one-time challengers to replace Mr Ozal, Foreign Minister Mr Mesut Yilmaz, Finance & Customs Minister Mr Ekrem Pakdemirli, and Deputy Prime Minister and State Minister, Mr Ali Bozer.

Mr Akbulut was clearly chosen as a solution aimed at defusing ANAP's factional tension – though at the last minute, according to some reports.

A founding ANAP member, he has been interior minister, and has been speaker since the last general election in 1987.

He has already announced his candidacy at the congress for the party chairmanship also vacated by Mr Ozal; and the influential Mr Kececiler, his ambition for high office temporarily sated, has said he will support him.

Mr Ozal founded the Motherland Party and came to power in general elections in 1983. His supporters claim his rule rule transformed the economy and boosted exports.

But a failure to control inflation, now 73 per cent, and opposition allegations of corruption eroded the Motherland's popularity to less than 15 per cent in recent polls.

TURKISH CABINET

Prime Minister	Yildirim Akbulut	State Minister	Husamettin Oruc
Deputy Prime Minister	Ali Bozer	Justice	Oltan Sungurlu
State Minister	Mehmet Kececiler	Defence	Safa Giray
State Minister	Husnu Dogan	Interior	Abdulkadir Aksu
State Minister	Gunes Taner	Foreign	Mesut Yilmaz
State Minister	Cemil Cicek	Finance and Customs	Ekrem Pakdemirli
State Minister	Isin Celebi	Education	Avni Akyol
State Minister	Vehbi Dincerler	Public Works	Cengiz Altinkaya
State Minister	Mehmet Yazar	Health	Halil Sivgin
State Minister	Ismet Ozarslan	Communications	Cengiz Tuncer
State Minister	Ercument Konukman	*Rural Affairs*	*Lutfullah* Kayalar
State Minister	Kamran Inan	Social Security	Imren Aykut
State Minister	Ibrahim Ozdemir	Industry	Sukru Yurur
State Minister	Mustafa Tasar	Energy and Natural Resources	Fahrettin Kurt
State Minister	Kemal Akkaya	Culture	Namik Kemal Zeybek
		Tourism	Ilhan Akuzum

Fundamentalists show strength in Jordanian poll

By Tony Walker and Lamis Andoni in Amman

MOSLEM fundamentalists dominated Jordan's first parliamentary election since 1967, winning up to 30 seats in the 80-member lower house in a clear confirmation of the underlying strength of the religious trend.

Moslem Brotherhood candidates, who advocated a "holy war" to liberate Palestine, have emerged as the largest single bloc in parliament with at least 19 seats. They will be supported by as many as a dozen other representatives of the Islamic tendency.

A small number of left-wing candidates, representatives of minorities and traditional community leaders constitute the balance of the parliament. It is the first time since political parties were banned in 1957 that Marxists will be represented.

The strong showing of militant fundamentalists is likely to present King Hussein's Government with one of its strongest challenges since the imposition of martial law after the 1967 six-day war.

Mrs Laila Sharef, a former minister of information, said yesterday she had been surprised by the extent of the fundamentalists' electoral support. She observed that it "was not going to be a picnic" for any government in its dealings with the new parliament.

Under Jordan's 1953 constitution, ministers are obliged to explain their actions to parliament. The budget also requires parliamentary approval.

The election appears to have been free and fair. Turnout at about 62 per cent of the some 1m eligible voters was lower than expected.

Most observers expect Jordan to enter a difficult and painful process of adjustment to a new and more dynamic parliamentary system. Neighbouring states such as Iraq, Syria and Saudi Arabia, not noted for their democratic practices, are likely to be watching closely and perhaps apprehensively the Jordanian experiment.

Jordanians, in their speculation about the extent to which King Hussein will allow local "perestroika" to devslop, say he is likely to move cautiously. They do not expect an accelerated process of democratisation. But neither do they expect the trend to be reversed.

"As far as the democratic trend is concerned, we have reached the point of no return," said Mrs Sharef, whose late husband was prime minister in the early 1980s. "The king understands very well the dynamics of the period and the need for more political freedom."

King Hussein hastened a process of democratisation after serious riots that swept Jordan in April this year revealed deep discontent among Jordanians over economic problems and political constraints.

His announcement in July 1988 that he was handing notional administrative responsibility for the West Bank, seized by Israel in the 1967 war, to the Palestine Liberation Organisation opened the way for the election of a newly constituted parliament.

Before 1967 half the members of the Jordanian parliament were elected from the West Bank. Jordanian observers point out that the parliament's powers will be limited. The king is not expected to relinquish his right to appoint the cabinet.

The election is expected to be followed by a review of the 1957 ban on political parties. There has been talk of drawing up a "national charter" that would provide a framework for the activities of a small number of parties.

The Moslem Brothers, who mounted a well-organised and well-funded campaign, were helped by the fact that they have long been tolerated by the Jordanian regime as a quasi-political organisation.

Brotherhood candidates advocated the introduction of Islamic Sharia law. They also urged an inquiry into the alleged corruption of the government of Mr Zeid Rifai, the former prime minister, sacked after the April riots.

These calls are unlikely to generate much enthusiasm in the palace. King Hussein is expected to announce a new cabinet in the next few days. Prime Minister Zeid Ben Shaker is likely to be retained.

Deng leaves the door open for hardliners

Peter Ellingsen and Colina MacDougall fear China may return to its bad old ways

THE SURPRISE resignation yesterday of Deng Xiaoping, China's 85-year-old supreme leader, from the nation's most powerful job marks the formal end of a lifetime in politics and ten years of vigorous promotion of economic reform.

While he may retain influence on the course of events without an official job, his departure as chairman of the party's Central Military Commission signals the growing strength of the hardliners, several of whom have moved in to take senior posts.

Yang Shangkun, the conservative state president, has taken the important post of the Commission's first vice-chairman, and his younger brother Yang Baibing was promoted to be its secretary general.

This may have serious consequences for the reform process in China, already on hold for economic reasons. Without Deng to push the "open door", it could also have important repercussions on relations with western countries, since China's hardliners view foreigners with suspicion and tend to favour "self-reliance".

Deng is believed to have stepped down voluntarily, though there is a remote chance that he was forced out. So far most believe that, in or out of office, Deng remains supreme ruler with ultimate control of the military and therefore the destiny of a quarter of the world.

His unexpected departure nevertheless seems likely to undermine the position of moderates in both the army and ruling Communist Party, mainly because the new CMC chairman, Jiang Zemin, the party's General Secretary, a moderate Deng protege, lacks clout in the military and is unlikely to be able to command the army.

The announcement of Deng's resignation was accompanied by a decision to further wind back the economic reforms and milder political liberalisation that has marked Deng's period as CMC chairman. In a binding resolution, the Party's central committee said the freeze on growth and construction, tight credit, and gradual re-centralisation of control, would continue for at least three years.

In an effort to slash China's 20 per cent inflation, the party will move to halve growth to 6 per cent, while emphasising agricultural output and energy production and clamp down on independent business and inefficient industry.

Directing that the country's economy must develop along socialist lines, the Party will effectively lower the standard of living by continuing to restrict credit and dampen demand while telling people they must "lead a thrifty life".

The process, already started, of reinstating the Party's hold over enterprise, instead of the entrepreneurial system that was emerging before June, will go on and the wealthy coastal provinces like Guangdong, will have to give up their relative independence and fall into line.

Ominously, Yang Shangkun, who coveted the CMC chairmanship, has not only retained his position but been promoted to the post held by Zhao Ziyang, the former Party chief who was sacked for backing May's democracy protest. His brother, Yang Baibing, moves up from heading the army's political department to become the military commission's secretary general. The reshuffle means hardliners behind the decision to use troops to crush peaceful democracy demonstrations earlier this year are now in control of the country's most influential body.

Though Deng sanctioned the use of heavily-armed soldiers to quell democracy rallies, he has since fought to retain economic reform and the position of some liberals in the Government.

Deng, has had recurring health problems but as late as last week seemed lively and alert. He has talked of resignation for years, but following the June massacre and removal of Zhao, the man he wanted to succeed him, it was thought the party veteran would have to stay on. Since June a bitter battle has been waged over who would become Mr Deng's successor, with both the conservative Yang, and relative newcomer, Jiang, fighting for the mantle.

Though publicly the hardliners have toed the Deng line, the leadership has been privately wracked with bitter infighting and factionalism.

Diplomats said it was too early to say precisely what the changes would mean in the power struggle, but suggested the resignation was an apparent victory for the hardliners.

Still undecided is who will replace the disgraced Zhao, and his liberal ally, Hu Qili, on the ruling Politburo. Zhu Rongji, the moderate mayor of Shanghai, and Zou Jiahua, the Minister of Machine-Building and Electronics, may have the support to fill the vacancies, a development which might assist Deng's 10 year-old reform agenda.

But the apparent victory for the hardliners, and the purge of moderates within the party and Government will tend to push China back toward a semi-isolationist stance, limit private enterprise, and encourage Western nations to maintain their present economic and political sanctions.

China has smashed an underground escape network, arresting the country's two most wanted pro-democracy activists after more than four months on the run, a Chinese official said yesterday, Reuter reports from Hong Kong. A Hong Kong Chinese citizen was also arrested.

Wang Juntao, 31, and Chen Ziming, 37, backstage organisers of the Peking student movement this year, were arrested earlier this month in southern Guangdong province according to a Communist Party central committee document, said a senior Chinese official who declined to be named.

The official said Wang and Chen were caught making their way to Canton along an escape route set up by Hong Kong activists sympathetic to the democracy movement. He said the document listed 20 recent arrests and included the detentions of Wang, Chen and at least one Hong Kong Chinese after they were betrayed by a Chinese contact with knowledge of the escape network.

Wang and Chen topped a June Public Security Ministry list of China's seven most-wanted intellectuals.

China's debt standing downgraded

By Rachel Johnson

MOODY'S, the credit rating agency, yesterday downgraded China's long-term foreign currency debt in a move likely to make debt more expensive for China to sell to foreign investors and increase concern among international creditors that China may be unable to meet heavy repayment commitments.

Peking's policy of repression could provoke conflict worse than that of last summer, the agency said in a statement released in Hong Kong.

Mr David Levey, associate director of the sovereign risk unit, said the lower rating was a reaction to China's inability to "absorb dissent," not a comment on the progress of the Government's economic austerity programme.

The country ceiling for long-term debt has been lowered a grade from A3 to Baa1, the top level of the medium risk category.

Moody's said government Deutschmark bond and other securities together worth \$3.7bn, issued by the Bank of China and the China International Trust and Investment Corporation, would be affected.

The bulk of the country's current estimated \$47bn foreign debt is held in loans with international banks.

Religious faction may upset Shamir coalition

By Hugh Carnegy in Jerusalem

THE fine balance of forces through which Mr Yitzhak Shamir, the Israeli Prime Minister, has dominated his fractious coalition government since it was set up last December has been upset by the decision of one of four religious parties to pull out of the partnership.

The move on Tuesday night by Agudat Israel, an ultra-orthodox party involved in the "Who is a Jew?" row which embroiled Mr Shamir during his efforts to establish the Government, does not immediately threaten the stability of the coalition, which is dominated by the premier's right-wing Likud Party and the Labour Party and which continues to bind all but 27 of the 120 members of the Knesset.

However, it raises the possibility – at least mathematically – that Labour could form a Government of its own in partnership with Aguda, another religious group and a number of left-wing parties and Arab MPs. Mr Shimon Peres, the Labour leader, has been courting Aguda recently with this in mind as he seeks to pressure Mr Shamir into engaging in peace talks with the Palestinians. He openly welcomed the Aguda move.

Aguda's five MPs – after instructions from their religious mentors, the Council of Torah Sages – accused Likud of failing to fulfil promises on a number of mainly religious issues. But they pledged not to enter talks with Labour, which angry Likud ministers blamed for the action, for two months to give Mr Shamir time to prove otherwise.

A tie-up with Labour on the facs is unlikely. Mr Shamir pulled back from forging a narrow coalition with Aguda and other religious parties last year after huge protests, many from American Jewry, over their demands for legislation limiting the state's recognition of Jewish converts to those converted by orthodox rabbis.

But the religious parties have also since backed off the issue and Mr Shamir's aides admit they are concerned by the tilt in Mr Peres's favour implied by Aguda's departure.

French fund to guarantee industrial loans in Africa

By Mark Huband in Yamoussoukro, Ivory Coast

THE French Government is to establish a fund to guarantee medium- and long-term industrial investment loans to African and French companies operating in Africa.

Mr Jacques Pelettier, the French Minister of Co-operation and Development, announced the creation of the fund at a conference taking place in Yamoussoukro this week on the future of trade relations between Africa and Europe after 1992. The conference was jointly organised by the Versailles and Ivory Coast Chambers of Commerce.

The scheme, to be financed by the French Government's Central Co-operation and Development Fund (CCCE) and administered by the Ministry of Co-operation and Development, will encourage the competitiveness of the private sector by establishing lines of credit to industries whose access to loans is hampered by the severe liquidity problems faced by many African banks. The value of the fund will be announced on November 16.

Greater access to credit will, it is hoped, help prepare private sector companies for the more competitive market conditions which are expected to follow the establishment of the European single market in 1992. Tha scheme is being launched against a background of growing doubts about the capacity of African business to cope with strengthened European competition.

The fund will be operational in all African countries by April 1990, though most of the resulting investment is expected to be in the francophone areas of West and Central Africa.

Mr Pelettier told delegates drawn from the West African business community: "It is evident to me that France's friends in Africa, in order to benefit from the European market, must create favourable conditions for European enterprise." African countries must become more competitive and prepare for the changes ahead, he said.

The creation of the fund is one of several initiatives France intends to take to reinforce its role in African economics, Mr Pelettier said, although he did say what these other initiatives might be.

Gandhi yields to Hindu militants on dispute over temple

By David Housego in Ayodhya

MILITANT Hindus triumphantly carried through their plans yesterday to lay the foundation of a new temple here after receiving a tacit go-ahead from the Government of Prime Minister Rajiv Gandhi.

In what is seen as a calculated decision to exploit the growing Hindu revivalist movement to win votes for the ruling Congress Party in the coming general election, the Government bowed to pressure from Hindu fundamentalists to site the new temple on land claimed by Moslems.

The Government's yielding over the issue dismayed Moslems, who until the last moment had been led to believe by Mr Buta Singh, the Home Minister, that the Government would not allow the laying of a foundation stone on disputed land next to the Babri Masjid Mosque. It could also prompt hostile reactions from the Moslem world, which has been closely following the Government's stand.

Mr V P Singh, the opposition leader, who earlier had announced that he would visit Ayodhya yesterday in a final effort at mediation, found on his arrival that he had been stymied, as the ceremonies had already begun on the site chosen by Hindu militants. Visibly embarrassed, he called off a public meeting he had planned and demanded that the Government should make clear whether or not they had approved plans for the new temple that would displace the existing mosque.

The Vishwa Hindu Parishad, the fundamentalist organisation that has led the campaign for the new temple, said yesterday that the laying of the foundation stone marked the "nation's *invincible resolve to do* away with 450 years of stigma of foreign [Moslem] domination" over the Ayodhya shrine.

Hindus believe that the Babri Mosque was built in the 16th century on the site of an ancient Hindu temple that commemorated the birthplace of Lord Rama, a leading Hindu deity. The VHP wants to replace the mosque with a Hindu temple, and is demanding that two other mosques in northern India should also be handed over to Hindus.

In a clear indication of the VHP's determination to do away with the Babri Mosque, Mr Ashok Singhal, the organisation's secretary, said yesterday that "the entire structure can be lifted and honourably lifted" to another place to make way for the temple.

As police mounted heavy guard while preparations were made for laying the foundation stone – the proposed gateway to the temple – 192 feet from the mosque, Mr Singhal confirmed that the Government "have not obstructed us in this foundation stone laying". The holiest point of the new temple will lie virtually at the centre of the existing mosque.

The go-ahead for the ceremonies on the controversial site appears to have come in a meeting late on Wednesday between Mr Buta Singh and the VHP in which he indicated that the Government would not object if the foundation stone was laid on judicially undisputed land. Earlier, the High Court had said that the foundation stone should not be laid on land disputed with Moslems. Mr Buta Singh had encouraged Moslems to believe it would be laid further away.

Saddhus (Hindu saints), wearing saffron robes, said prayers after the foundation ceremony to the accompaniment of the blowing of conches and the throwing of flowers and grain. Pilgrims in large numbers were marshalled by police through the heavily guarded mosque in which a statue of Lord Rama and a Hindu shrine has been placed.

As they moved in procession Hindu militants chanted slogans such as: "We are Ram's children, we will liberate his birthplace" and "We will build the temple of Ram".

The first indication that Prime Minister Rajiv Gandhi would show sympathy for the militants came last week when he opened his election campaign at Faizabad near here. He there spoke approvingly of "Ram Rajya" (Ram's rule).

In terms of election strategy, Mr Gandhi thus seems to be repeating the "Hindu card" he successfully played in the 1984 election in the wake of his mother's assassination, while trying not to alienate Moslems. He would hope to achieve the latter goal by protecting them from further violence.

The foundation-stone-laying ceremonies at Ayodhya end today with a ceremony in which Hindus from all over the world are being asked to turn towards Ayodhya and cast flowers to commemorate the start of work on the temple.

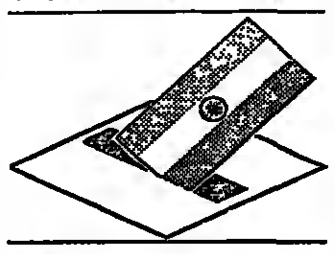
NTR struggles to hide political wrinkles under his make-up

India's idol actor-turned-politician has lost none of his flamboyance, but some of his magic, writes **K K Sharma**

MR N T Rama Rao, Chief Minister of the south Indian state of Andhra, has lost none of the flamboyance with which he entranced cinema audiences for more than 30 years until his Telugu Desam party swept the Congress Party out of power in 1983.

Clad in the saffron robes he wore for the religious roles he excelled in, Mr Rama Rao, or NTR as he is popularly known, is at his histrionic best on the campaign trail in his home state. His forehead smeared with sandalwood paste and vermilion, wearing his jet black hair long, the Telugu leader trundles the road in a chariot specially made to conjure a religious presence.

Indian Elections



On the rough, humpy roads of Nellore district in the politically-important coastal areas of Andhra, the tune of *Maa Talliki malle poonda* (jasmine garlands for our mother Telugu) signals the arrival of Mr Rama Rao's caravan, led by his own chariot, the Chaitanya Ratham, which he first used to propel himself to power in 1983.

The 23 rathams, or chariots, specially made for each of Andhra's districts that the charismatic leader will use for campaigning, are covered with hoardings depicting Mr Rama Rao as the sage, Visvaitra, a role which he is actually enacting in an incomplete film in his studio in Hyderabad, capital of Andhra. At the rear of the ratham is a huge cutout of Mr Rama Rao in the garb of the god Krishna, blowing a conch.

Then Mr Rama Rao begins a short speech blared through megaphones, bitterly attacking Mr Rajiv Gandhi as a "traitor who sold the country's self-respect". He eulogises his own achievements as chief minister in the last six and a half years as ecstatic followers lead the applause by an audience of several thousand semi-naked villagers.

Mr Rama Rao humbly salutes the villagers before the caravan moves on to the next election meeting and more applause.

However, the crowds are smaller now than they were five years ago, and not so rapturous. Observers who have been Rama Rao watchers since he took over as chief minister on a platform of Telugu nationalism note that something of the old magic has been lost over the years.

Mr Rama Rao is 68 and shows his years. No longer is he the swashbuckling hero that made him the matinee idol of the Telugu people. He now has a paunch he cannot hide, his jowls sag and his forehead is furrowed under the sandalwood paste.

The actor-turned-politician has reason to worry. Just a few days ago, Mr Gandhi flew in and out of Andhra to speak to mammoth audiences. Mr Rama Rao's followers speak darkly of the "Congress Party's money power" and it is true that, as in the rest of the country, crowds are not difficult to muster.

The Congress, after all, ruled Andhra for nearly 40 years before 1983 and still has a smooth, well-oiled organisational base that is just about starting its campaign not only to increase its strength in the Lok Sabha (lower house of parliament) from Andhra but to try to capture power in the state itself.

Rama Rao: flamboyant as ever

Even Mr Rama Rao's followers grudgingly concede a certain tarnishing, not least because of charges of corruption and favours to members of his family and caste. His Telugu Desam will probably still scrape through to give him another five years as chief minister, but the Congress is widely expected to gain in strength both in the state assembly and in parliament.

Congress leaders such as Mr Chenna Reddy, the party's 70-year-old state president and a former chief minister, point with satisfaction to the response from the people to corruption charges against Mr Rama Rao.

Even more evocative is the allegation that he has favoured people of his own Kamma caste at the cost of their traditional rivals, the Kappas.

Mr Rama Rao uses as his trump card the populist schemes he has successfully implemented. These include the "green card" scheme, under which poor people obtain subsidised rice and clothes, as well as a house-building programme for low-income groups. Several million have benefited from these and the reservation of jobs for certain poorer castes, property rights for women, easy loans to farmers and the decentralisation of power that anticipated Mr Gandhi's own scheme to "give power to the people".

Andhra is one of four states where local assembly elections are being held with the national parliamentary poll. Mr Rama Rao is leading the National Front of opposition parties trying to dislodge Mr Gandhi.

By the end of this week, his colourful campaign in his home state will be mostly over. He will then leave the rest to his lieutenants while he moves on to the national stage and a bigger role canvassing support for candidates of other constituents of the National Front.

Australian industry policies 'have failed'

By Chris Sherwell in Sydney

AUSTRALIAN policies to improve the competitiveness of its manufacturing sector and reduce the balance of payments deficit are a failure and may never work, according to a highly critical report for the Australian Manufacturing Council.

The gloomy report, released yesterday, is a blow for the Labor Party Government, which has made improved export competitiveness in the manufacturing sector a cornerstone of economic policy. But it does not recommend a reversion to protection and government intervention.

According to the report, produced by consultants Pappas Carter Evans and Koop, Australia's total exports of non-resource based manufactures amount to only A$3bn-A$4bn (£1.49bn-£1.99bn), consisting largely of steel, scrap metal and car and computer industry exports. Only a handful of companies export more than A$30m each year.

In its view, manufacturing has not only failed to respond to the increased exposure to competitive forces – the so-called "level playing field" argument – it also faces competitive disadvantages which are so considerable that the hoped-for export resurgence may not occur.

But it is not simply Australia's protectionist past, its unions or its management which are to blame. "The disadvantages of operating in a small and fragmented market located at great distances from major world markets and of a commodity-driven currency are enormous hurdles to overcome," the report argues.

"Moreover, success in penetrating northern hemisphere markets results in volumes that dwarf those required at home, leading inexorably to pressure to move manufacturing offshore."

Manufacturing is nevertheless a vital part of the economy, accounting for around 18 per cent of gross domestic product. If a further decline was allowed to occur, the report says, "it seems highly unlikely that tourism or the export of services such as education could ever fill the economic gap".

N Korea begins to peep out of its shell

By Maggie Ford in Seoul

GUARDED efforts are being made to improve relations and open economic links between North Korea and Western countries, in parallel with South Korea's policy of establishing relations with the Eastern bloc.

A flurry of diplomatic meetings between US and North Korean diplomats in Peking has been followed by the visit to Pyongyang of Mr Gaston Sigur, former US Assistant Secretary of State. US officials say the meetings with the North have been useful, but so far they see no big change in Pyongyang's policy.

The US says a real improvement in relations requires that North Korea renounce terrorism, return the remains of missing Americans killed in the Korean war, hold meaningful talks with South Korea and undertake military confidence-building measures. Almost 1m troops, including 43,000 Americans, face each other across the demilitarised zone dividing the two Koreas.

In contrast, on the economic front there are signs of progress, says a visiting group of West German businessmen who were recently given a warm welcome in Pyongyang. Senior North Korean officials told the West Germans they were keen to attract foreign investment in high technology, especially in metal and mineral processing, power stations, and aluminium processing, and were prepared to resume interest payments soon on foreign debt.

North Korea owes $900m (£570m) to Western banks and has not paid interest for two years. The delegation said North Korea was likely to resume payments once it had finished funding the construction of Olympic sports facilities. Pyongyang spent up to $5bn on construction of Olympic sports facilities and hotels, used, in the end, not for the 1988 summer games held in Seoul but for a socialist youth festival last July.

The West German delegation said North Korea's total trade amounted to $4bn, roughly in balance, of which $100m was with West Germany.

South Korean companies are sending delegations of senior trade union leaders on study tours to Eastern and Western Europe in an attempt to encourage better labour relations.

A team of 20 **union leaders from the Daewoo shipbuilding subsidiary is to visit the Lenin shipyard in Gdansk to meet union leaders in advance of Mr Lech Walesa's visit to Seoul next month.**

In addition representatives from trade unions at five motor companies are to visit France and Italy and the Labour Ministry may send a delegation to China.

Phnom Penh welcomes UK envoy's visit

By Roger Matthews in Bangkok

THE Vietnamese-backed government in Cambodia gave a swift welcome yesterday to the announcement by Mr Douglas Hurd, the British Foreign Secretary, that a British diplomat would soon visit Phnom Penh for the first time in 14 years.

There was also approval for Britain's acknowledgement that Vietnamese troops had been withdrawn in September and its willingness to channel aid directly into Cambodia, through charitable agencies.

Mr Hurd's announcement is, however, likely to be greeted with anxiety by others. Mr Lee Kuan Yew, Singapore's Prime Minister, in particular fears that Vietnam will score a diplomatic coup if it can convince Western nations that the only choice in Cambodia is between the regime it has installed and the dreaded Khmer Rouge.

Price index for finished goods slightly higher

By Anthony Harris in Washington

THE US producer price index for finished goods rose 0.4 per cent in October, but nearly all the rise was due to a 1.2 per cent jump in the prices of processed foods, which had fallen by 0.6 per cent in the previous month.

The index net of foods and energy rose only 0.1 per cent, and the bond market rose slightly on the news. The indices for crude goods and intermediate goods, both pointers to future cost increases at later stages of production, were unchanged.

These indices have fluctuated round the same level since March. The consumer goods index rose only 0.2 per cent, aided hy a relapse in car prices. Price increases for 1990 models raised car prices by 3.8 per cent in September, seasonally adjusted, hut in October prices fell back by 1.4 per cent.

The low level of car sales, and a very low $0.6bn increase in consumer credit in October, are though to have been strong influences in persanding the Federal Reserve to relax monetary policy. The subdued performance of prices will confirm that judgement.

● Legislation to reduce the US budget deficit moved a stage nearer yesterday as negotiators from the House of Representatives agreed to drop the proposed cut in capital gains tax from discussions with the Senate, Peter Riddell adds from Washington.

This results from last week's agreement by President George Bush not to press a capital gains tax cut at present, to permit early approval of an increase in the federal debt ceiling to $3.12 trillion (million million), signed hy Mr Bush on Wednesday, and of a deficit reduction measure.

However, argument continues about the latter bill even without an immediate capital gains tax cut. Mr Bush has insisted that it should be withont extraneous provisions, and should genuinely cut the deficit hy $14bn.

While the Senate version is relatively "clean", the House version inclndes the extension of tax credits for low-income housing, and for research and development to ba financed by speeding up the collection of payroll tax deductions from large corporations.

Brazil faces surge in wage claims

By Ivo Dawnay in Rio de Janeiro

BRAZIL faces a rash of damaging public sector wage claims following a ruling by the country's Supreme Labour Court that the Banco do Brasil must pay a 152 per cent pay award. The decision not only means that 138,000 workers at the state-owned bank will receive substantial increases, hut that similarly employed government workers have a strong case for the rise.

Negotiators for thousands of national savings hank (CEF) and central bank staff are expected to tahle demands immediately. They are likely to he followed hy civil servants and state industry unions.

Mr Mailson da Nobrega, the Finance Minister, warned when the original award was approved by a lower court that the consequences of payment could devastate government budgets and fuel inflation.

After losing the appeal, the Treasury could find the government's total salary bill rising from NCz17bn to NCz37bn (ahont $7.4hn nt official exchange rates) according to one report yesterday.

With revenue income exhausted, that money can now only be found from raising the government's debt.

Castro feels E Europe's winds of change

Cuba's dependent economy is now more vulnerable than ever, writes Robert Graham

PRESIDENT Fidel Castro has voiced in public his concern that the fast-cbanging events in Eastern Europe will have a negative impact on the Cuban economy.

The Soviet Union and the countries of Eastern Europe account for more than 85 per cent of Cuba's trade, making the Cuban economy highly vulnerable to political upheavals and economic changes within Comecon, the Soviet-led trade hloc.

In a speech inaugurating a huilding materials factory ontside Havana this week, be said, thinking aloud in his customary manner: "We are witnessing sad things in other socialist countries, very sad things.... We are astonished at the phenomenon that we see ... I think this is the moment to speak ... what incredihle things!"

He went on: "We do not know what consequences these phenomena in many socialist countries will have, what direct effects they will have on our plans, our programme and our economy.... Along this path, if the socialist states do not resolve their problems, we could have very serious difficulties."

Although he avolded mentioning any country by name, he cited strikes in Eastern Europe as the kind of incidents which that could have a negative impact on Cuba. Strikes could delay the supply of vital equipment and material, he said.

The Cuban leader is reported to be particularly shaken by the sweeping changes overtaking East Germany. The latter has been a key supplier of technical aid since Cuba joined Comecon in 1972 and President Castro bas always admired the East Germans as bastions of Marxist orthodoxy.

Since 1986, when lack of foreign exchange obliged Cuba to halt the service on debt contracted with Western governments and commercial banks, the flow of hard currency credit has dried up. As a result Cuba has become even more dependent upon its Comecon allies.

In the past eight years, Cuba's dependence on the Soviet Union has risen, with its proportion of total trade with Moscow rising to nearly 75 per cent from 60 per cent. Almost 90 per cent of its total trade is with socialist countries, up from 74 per cent.

If there is disruption in supplies or pricing policy changes within Comecon, Cuba has virtually no alternative source to tap. Hard currency reserves at the end of June were $87m, of which $69m was in cash covering less than six weeks' imports from capitalist countries.

Castro: increasingly isolated in his Marxist orthodoxy

President George Bush's administration in Washington appears content to ohserve President Castro's difficulties without proposing a rapprochement. This means that the 28-year-old US trade emhargo against Cuba is unlikely to be removed in the foreseeable future.

At the same time, Cuba's talks with the Paris Cloh of official creditors on a debt deal are stalled. According to the latest hulletin of the Cuban central bank, foreign hard currency debt during the first quarter of 1989 increased 6 per cent to $6.77bn.

The sole hright spot in the economic picture has been a record sugar harvest of 8.2m tonnes in 1988/89. Sugar accounts for 25 per cent of total production and the commodity's performance offset the overall decline in industrial output and allowed the economy a modest 0.5 per cent growth during the first quarter.

The Soviet Union cootinues to pay Cuba a guaranteed price equivalent to 36-37 cents a pound for almost 60 per ceot of total sugar exports. Such a subsidy, tbough guaranteed through 1990, could also be in question if events pursue their course in the Soviet Union.

All this puts the Cuban leadership under further pressure when it has still not fully recovered from tbe sensational trial and execution in July of four senior military figures for involvement in drug-trafficking with tbe Colombian mafia. This scandal led to a hig shake-up of top posts within the government and left President Castro isolated from all save his hrother, Raul, the Defence Minister.

His isolation is now accentuated by his refusal to countenance any opening up of Cuba's one-party state, precisely because it might call in question his own role. For him, Marx bas shown the way to emerge from pre-history by ending man's exploitation of man.

"We have entered history," he said, opening a school last month. "If others want to return to pre-history, it's up to them."

Amnesty offer in return for cut in Contra army

By Tim Coone in Managua

THE NICARAGUAN Government has promised a total amnesty for all remaining Contra prisoners held in its jails, in return for a minimum 50 per cent demobilisation of the 12,000-strong Contra army and the release of all military and civilian prisoners held by tbe Contras.

The Government is also promising economic assistence to repatriated demobilised rebels and their families, and for the United Nations to supervise tbe repatriation process to guarantee the safety of the returning Contras.

Tbe total amnesty and security guarantees have been key negotiatiog demands of tha Contras in the past.

The proposals are among a number being presented yesterday and today by the government to Contra leaders at the United Nations in New York.

Tbe Government hopes to persuade them to accept the Central American peace plan agreed by tbe region's five presidents last August, which calls for the Contras' demobilisation by Dec 5.

Rebel hardliners however have so far refused to accept the plan but agreed to talks at the UN after the Government decided last week to suspend a 19-month unilateral ceasefire.

President Daniel Ortega threatened last weekend to "exterminate" those Contras that do not accede to tbe demobilisation plan hy the deadline.

In recent weeks, the Contras have doubled the number of their troops operating inside Nicaragua to over 4,000. They have also stepped up their ambushes and hit-and-run operations in the mountain regions of the country in the huild-up to next Fahrnary's general elections.

With the end of the ceasefire, however, those troops may now be trapped inside Nicaragua with their escape routes to Honduras cut off and a major military offensive about to be launched against them.

One of the proposals of the government is that these troops be allowed to return to their Honduran sanctuaries by agreed routes, but where they must be disarmed and can then be repatriated under the demobilisation plan.

Passports are being offered to those not wishing to return to Nicaragua.

The UN talks are also being attended by the International Support and Verification Commission of the UN(CIAV), the body set up as a result of last Angust's Central American presidential summit, and by the Nicaraguan archhishop Monsignor Obando y Bravo who has mediated in previous face-to-face talks between the government and Contra leaders.

The talks are due to finish today, but the government has said it is prepared to extend them if it seems likely that a definitive agreement on the demohilisation plan can he reached.

US 'risks dependence on Japanese electronics'

By Lionel Barber in Washington

THE US risks being almost totally dependent on Japanese electronics and other key equipment hy the year 2000, Mr Donald Atwood, Deputy Secretary of Defence, said in a warning about the continuing decline in America's industrial base.

Mr Atwood, a former senior General Motors executive, said the US was losing world leadership in areas vital to national security, from machine tools and machining centres to memory devices and microelectronics.

Speaking to an andience of officials and businessmen on Capitol Hill this week, Mr Atwood said Japan posed the greatest threat. He also voiced concern about economic integration in Europe which, he said, "is likely to produce a more competitive European defence industry."

Mr Atwood said the Pentagon – which purchases goods from more than 250,000 companies in more than 215 industries – had a legitimate interest in tbe industrial base. But its role in improving the performance of US industry could – and should – only be marginal.

Mr Atwood said the US needed to improve the education system; relax anti-trust laws which impede co-operative research and joint manufacturing for US companies; and "relieve any tax burden on US industry which is not shared by foreign firms that sell in the US.

The focus however was on Japanese competition in high-technology products. Japanese companies were outinvesting US companies in semiconductor research hy a factor of 2-1, and "woere their own research is insufficient, they invest in US companies and in US academic research to obtain technology."

Concern about Japanese economic power is not new in the US. Increasingly, however, officials, politicians, academics and industralists are starting to link it to the question of US national security.

At this week's Capitol Hill seminar, sponsored by the conservative National Forum Foundation, several speakers suggested that Japan rather than the Soviet Union could pose in future a potential security threat to the US.

Mr Samuel Herrell, president of the semiconductor equipment manufacturers group which supplies Sematech, the US-government aided industry research consortium, said Japanese "economic warfare was driving his members out of business or forcing them to merge."

Mr Herrell, a former senior executive at Texas Instruments, said that 62 out his original 140 members had either been sold, merged or undergone consolidation since 1987. Some 16 companies had been forced to seek capital from Japanese banks after US hanks turned them down "because the Japanese have let it be known that you can't make money (in this area)."

Mr Herrell said be was not anti-Japanese; he bad done husiness with Japan for 25 years and had married a Japanese. Bnt he quoted from the new book "The Japan that can Say No" by Mr Akio Morita, Sony chairman, and Mr Shintaro Ishihara, former Transport minister, whicb at one point speculates how the Japanese sale of chips to the Soviets would instantly change the balance of military power.

PAYMENTS IN ECU

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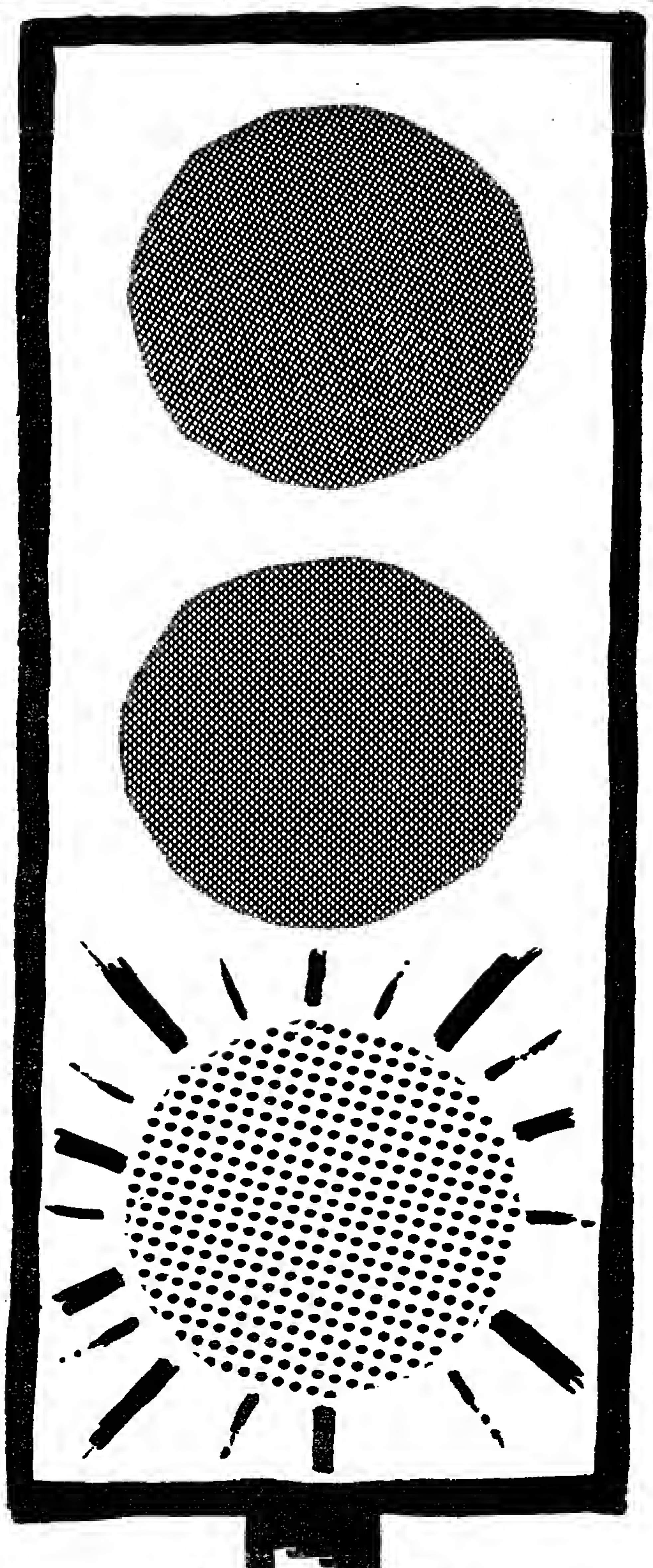

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San Paolo - Lariano Bank S.A.
Société Générale Alsacienne de Banque S.A.
Association Bancaire pour l'ECU
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WORLD TRADE NEWS

US trade links with east Asia declining, economists report

By Peter Ungphakorn in Bangkok

TRADE links between the United States and east and south-east Asian countries are weakening, according to a report by a team of Asian economists.

The findings are likely to prove controversial, not least because they conflict with Washington's argument that the US and Canada are drawing closer economically to the west Pacific countries.

American leaders used the argument to justify North American participation in this week's Canberra ministerial meeting on Asia Pacific Economic Co-operation.

The economists are Dr Fu-Chen Lo of the Kuala Lumpur-based Asia Pacific Development Centre, Mr Yoichi Nakamura of the Economic Planning Agency of Japan, and Prof Song Byung-Nak of Seoul National University. Their report was presented at the third conference on The Future of Asia Pacific Economies, being held in Bangkok.

Using sophisticated techniques to calculate trade and investment interdependency, the three conclude that "the integration of the US economy in the Pacific region ... was not only limited but declined by about 30 per cent from 1975 to 1985."

They predict that the process will continue in the 1990s, with a shift in Pacific trade proportionately eway from a weaker US economy. Trade within east Asia will expand and become more balanced. Relations with Australia and New Zealand are regarded as insignificant.

At present Japan, the four Asian newly-industrialising economies and the members of the Association of South East Asian Nations trade less among themselves than they do with North America and Europe. Japan, Taiwan and South Korea also tovest more outside the region than inside.

The three economists foresee more balanced relationships in the region. Expanding domestic demand in Japan will draw more imports from the region and the increased investment already taking place will reduce regional inequalities, they say.

OECD to confront growth in aid for trade

Peter Montagnon on a call for new rules to curb distortion through mixed credits

THE WORLD'S leading industrial nations are to meet on Monday to try to curb the growth of a practice which some argue distorts trade, leads to subsidy wars and diverts aid away from the countries that need it most.

The talks, at the Organisation for Economic Co-operation and Development in Paris, are aimed at agreeing new rules on the use of mixed credits whereby governments or state-backed agencies sweeten export credits with aid to make their countries' exports cheaper and more attractive to Third World buyers.

Other key areas of export credit finance will also be raised, including the subsidies thet are routinely paid on interest rates charged to developing countries.

Three main, inter-linked areas will make up the agenda to Paris. No part of the package can be regarded as complete until agreement on all of them is reached.

The first is mixed credits to which the US attaches the greatest priority but where reform is likely to be resisted by Japan because of its extensive business interests in the developing countries of Asia.

Though detailed figures are not published, the use of mixed credits has continued to grow since a previous OECD agreement in 1987, and it is generally accepted that aid has been diverted away from poor countries to commercially attractive markets.

The talks will cover both the need for further curbs and technical ways of implementing them. Both aspects are likely to prove controversial.

Second is interest rate subsidies, which have long been legal under OECD rules provided they do not push the rates paid by borrowers below generally accepted minimum levels. These were banned for loans to rich countries in the 1987 agreement and the aim now is to extend this ban to middle-income countries such as Hungary, Thailand and Mexico, while reducing or even eliminating subsidies on loans to poor countries such as India, China and Indonesia.

The US has an edge because its banks can fund export credits at rates lower than export credit agencies

Commercial bankers say they expect such changes to be agreed eventually and this will make their work much harder because they will come under increasing pressure to develop market-related financial engineering techniques to produce low borrowing costs for countries that have previously been used to receiving subsidies.

Third is special sectoral rules for agriculture and steel. European Community countries want new disciplines to be applied to US commodity credits which are used to finance sales of farm products to developing countries and currently fall outside the OECD rules.

This is one concession they are likely to demand in exchange for agreement to curb mixed credits and it introduces a link between these talks and the Uruguay Round of multilateral trade negotiations in Geneva.

In return the US is expected to revive its long-standing demand for curbs on export credits to finance steel plants in the developing world because this is a product in chronic over-supply. Such e demand is likely to be firmly resisted by both Japan and West Germany.

The European Community is also seeking a change in the formula used to calculate the market reference rate for export credits which are financed in dollars.

This counts as the lowest possible interest rate on unsubsidised loans and is widely regarded as too high because it uses a margin of 1.3 percentage points above government bond yields, instead of the more normal 1 percentage point. Europeans say this gives the US an unfair competitive edge because US banks can fund export credits in the market at rates lower than their export credit agencies are able to offer. A similar, but less pervasive controversy applies to loans in Swiss Francs.

At the moment the only point on which all are agreed is that an alternative to the present system will have to be found

The strength of feeling over matters as technical as these underline the likelihood that the talks will be long and hard. Even when the principle of further discipline on mixed credits is agreed, there is likely to be strong technical controversy over the way this should be achieved.

At the moment just about the only point on which all are agreed is that an alternative will have to be found to the previous mechanism of making such credits more expensive by setting a high minimum grant level.

Among the possible alternatives are: making some sectors and some better-off countries ineligible for mixed credits, forcing lenders to open up mixed-credit projects to international competitive bidding so that the aid involved is untied, limiting the share of aid budgets that can be applied to mixed credits and devising more general rules to ensure that they only go to projects with genuine development value.

Meanwhile, another feature of the meeting is that it will include a special session devoted to informal discussion of the problem with the export credit agencies of four newly-industrialising economies – Hongkong, Singapore, Taiwan and South Korea. The last two in particular have growing aid budgets and any new rules will require their co-operation to be effective.

There is, however, some wariness about inviting these agencies to join the OECD consensus on export credits. One difficulty is that with expanded membership it would be difficult to know where to draw the line.

For example, Korean membership might prompt a demand from Brazil to be allowed to join the group. Like South Korea, Brazil is a large exporter but it is also a potential beneficiary of concessional loans and in any future discussion it would thus have a particular axe to grind.

UK-Italian group wins pipelay deal

By Karen Fossli in Oslo

STATOIL, Norway's state oil company, yesterday awarded a NKr2bn (£182m) submarine pipelay contract to European Marine Contractors, a company jointly owned by Italy's Saipem, a marine and engineering contractor, and Brown and Root UK.

The contract calls for the submarine construction of two gas pipelines: an 806km, 40-inch-diameter pipeline from the Sleipner A platform in the Norwegian North Sea to Zeebrugge, Belgium, and a 40km, 30-inch-diemeter pipeline which will connect the same platform to the 16/11-S riser platform, which is located midway along the pipeline route to Zeebrugge.

The contract comprises the construction of the first phase of the so-called "Zeepipe" transport system, which is to be operational in 1993, when natural gas deliveries from Norway to a consortium of European buyers commences.

● Norway's Defence Ministry said it had awarded a NKr2bn contract for the building of nine minesweepers to Baatservice Marine, a unit controlled by Norwegian engineering company, Kvaerner A/S, Reuter reports from Oslo. The contract also included the option to build one more.

Western-Soviet plan to develop gas fields

By Karen Fossli

THE FIRST Western-Soviet jointly-operated offshore gas fields in the Soviet Barents Sea could come on stream by the end of the 1990s if studies about to be initiated determine that development construction can begin early in the next decade.

The Soviet Union is reported to have made five natural gas discoveries and identified 19 additional structures in the Barents Sea since exploratory drilling began in 1982.

In August, Soviet officials visiting Norway gave details of two big offshore gas fields, believed to be the world's largest, discovered in the Barents and Kara Seas. Shtockmanovskaya, the larger of the two, is believed to be in the range of 3 to 4 trillion (million million) cubic metres.

During the next few weeks the Soviet Union is to sign a letter of intent with a group of Western companies comprising Norway's Norsk Hydro, Conoco Norway – the Norwegian unit of the US-based Conoco – and Finnish companies, Imatran Voima Oy, Neste Oy and Wartsila Ab, for a study to be undertaken to determine technical feasibility.

The feasibility study is meant to be completed by the end of next year. If its outcome underpins the viability of developing Soviet offshore gas fields, negotiations thereafter will seek to establish joint venture projects between the group of Western companies and the Soviets.

However, existence of sufficient markets and the development of the price of natural gas will play a central role in the economy of the project.

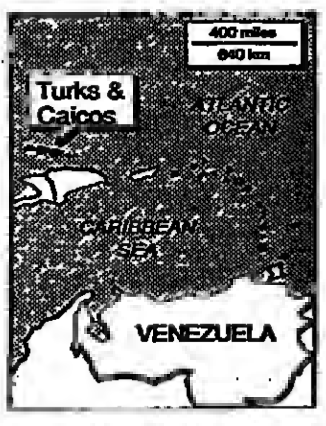
Trade between Norway and the Soviet Union in 1988 reached NKr896m (£81m) and this year to July total trade reached NKr555m, primarily due to supply of paper and pulp.

The Export Council of Norway, however, is optimistic that this could double within two to three years when Norway could increase its supply of technical products such as computers.

Norsk Hydro, Norway's largest publicly quoted company, which is 51 per cent state-owned, established an office in Moscow a year ago and has already signed an agreement to explore areas of co-operation in offshore industry servicing.

Columbus landfall promises windfall

By Gordon Cramb in Providenciales, Turks and Caicos



THE TURKS and Caicos Islands, a small scrubland cluster in the British West Indies, is seeking to create an artificial adventure "theme port" in a $535m private sector plan which would mark the quincentenary of Columbus's nearby landfall in 1492.

It might also help bury a decade which has been marked by rather less noble endeavours on the part of prominent local politicians.

Government ministers have given outline approval for the proposal, which would be the colony's biggest ever development. If successful it would transform the fortunes of the TCI, which has a population of some 13,000, no local agriculture or manufacturing, and reaps annual government revenues of barely $20m before UK assistance.

The territory has an already growing tourist business, but efforts to nurture an offshore financial centre were set back by a series of scandals in the mid-1980s which implicated senior elected officials in the drugs trade, incitement to arson, and the misuse of public funds.

The scheme would cover some 4,000 acres and is aimed at attracting cruise ships plying the increasingly busy Caribbean routes from Miami. It also involves dredging the TCI's first deep-water port and building a road which will link a large part of the island chain.

A rum cocktail of finance includes the issue of bonds offering residence rights, and the extraction of aragonite, an ultra-fine sea sand used in cement, paint and plastics manufacture as well as in coal-burning electricity plants to limit the exhaust emissions which cause acid rain.

The proposal has been put forward by Mr Liam Maguire, a British-born entrepreneur and former TCI government minister who is now based in California. Its main ingredients are:

■ Creating a Caicos Port Authority as a $100m joint venture between the local government, which would own 60 per cent through contributing land and development rights, and private investors whose financial infusion would give them the remainder of the company.

■ Issuing port authority bonds in denominations of $250,000 – the sum which ordinarily qualifies an overseas investor to become a resident of the tax-free islands. This has been designed to appeal particularly to Hong Kong businessmen worried over 1997.

■ Digging a deep harbour between South Caicos and East Caicos, two islands which lie between Grand Turk, the capital, and Providenciales, presently the main tourist resort.

■ Selling the aragonite this yields to US electric utilities and other customers, while using harder material from the seabed as landfill.

■ With this mainly limestone rock, building a so-called spine road, and parallel inland waterway, across the several islands and cays (islets) which lie to the north-west.

■ Developing the theme port for cruise ships, along Disneyland lines but billed as The Explorers. It would draw on regional links ranging from Columbus to Apollo astronauts like John Glenn, who splashed down in Turks and Caicos waters 25 years ago.

■ Building hotels and resorts for longer-stay visitors as well as improving airports.

■ Later in the intended five-year life of the project, allowing bond investors to exchange their holdings for plots of land.

The Foreign Office in London is likely to scrutinise the project closely because of the large amount of Crown land which may ultimately pass into private hands.

UK NEWS

Employers' body calls for swift entry to ERM

By Simon Holberton, Economics Staff

BRITAIN should become a full member of the European Monetary System before July 1990 and become more positive about a common European currency, according to the Confederation of British industry (CBI).

In a paper published today which examines the Delors report on European economic and monetary union from a business perspective, the employers' body says e common currency would greatly benefit British business. Moves towards it, however, must be the culmination of an evolutionary process, it says.

Mr David Lees, chairman and chief executive of the engineering group, GKN, and who chaired the Confederation's monetary union working party, said it was crucial thet the UK play its part in talks on achieving union.

"To do this effectively, the UK must participate in the first stage of the process, by entering the exchange rate mechanism [of the EMS] as soon as the annual rate of UK inflation is on a confirmed downward trend. Other conditions – including the abolition of exchange controls – should not act as s barrier to sterling's entry into the exchange rate mechanism (ERM)," he said.

The report says Britain should enter sterling into the ERM within a narrow hand (plus or minus 2.25 per cent) for fluctuation. This would allow the UK to reap the full benefits of exchange rate stability.

It says a move towards a common currency in the EC would benefit business, as long as the monetary authorities remain committed to low inflation. A common currency would carry great benefits to business, eliminating not only the variability of currencies but also transaction costs.

The CBI does not accept that binding rules on fiscal policy are implied hy monetary union. Countries should be allowed to determine whatever fiscal target are implied by the need to reconcile monetary union with domestic growth and employment objectives.

● *European Monetary Union: a business perspective, CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU. £10*

Textiles deficit worsens

By Alice Rawsthorn

THE TEXTILE industry is struggling against increasing imports and a worsening trade deficit, according to the latest official statistics.

Figures published yesterday by the Apparel Knitting and Textiles Alliance showed imports rose by 8 per cent to £5.6bn in the first nine months of this year.

Exports were also up by 8 per cent in the same period to £2.8bn. However, the value of exports was too low to compensate for the rise in imports and the textile trade deficit deteriorated.

Mr Allan Nightingale, chairman of the AKTA, said the deficit for the whole of 1989 could reach a record £3.6bn – roughly 20 per cent of the UK trade deficit. The industry has suffered e series of job losses and company collapses in recent months because of increasing competition.

Earlier this week T.W. Kempton, one of the largest knitwear manufacturers in the Midlands, went into receivership, jeopardising the jobs of its 1,200 employees. One of the chief causes of the industry's weakness is the rapid rise of textile and clothing imports.

Employment in the sector has fallen by 25,000 to less than 500,000 since last autumn.

THE BANK OF ENGLAND QUARTERLY BULLETIN

Interest rate rise 'vital to curb inflation'

By Peter Norman, Economics Correspondent

WE ARE all wiser with hindsight. After five weeks' thought, the Bank of England has come to the conclusion that last month's one percentage point increase in base rates to 15 per cent was probably a good idea after all.

Until sterling came under heavy selling pressure early in October, the Bank had believed that 14 per cent base rates would gradually do the trick of reducing inflation and curbing Britain's huge current account balance of payments deficit.

Now, in its latest Quarterly Bulletin, the Bank has concluded that "there could be no question but that interest rates here had to rise when they did on the Continent." The rise in interest rates was "necessary to keep monetary conditions tight."

According to the Bulletin, the slowdown in the economy has had only a limited impact on inflation "which remains unacceptably high." Although financial pressures on companies and a desire to restrict stock levels are likely to restrain prices, pay settlements are raising costs across the economy as a whole.

The Bulletin makes clear that sterling's vulnerability was an important factor behind the interest rate move: by mid-October, the pound's trade-weighted index was 6 per cent below its level of the start of the year. It also underlines that the interest rate increase was a necessary restraint on companies which had greatly extended their borrowing and conceded wage settlements which pushed unit wage costs higher.

The base rate increase is not expected to hit individuals too hard. It "can be seen as a modest additional restraint of consumer demand and with little additional effect on the retail price index," the Bank says. Mortgage rates were in any case likely to have gone up by the end of this year even without a base rate rise, it says. However, the mortgage rate increases would probably have been "rather less than" 1 percentage point.

One reason for the Bank's perseverence with its tough monetary policy is substantial uncertainty as to the condition of the British economy.

New revisions to statistics have revealed that the economy was growing much faster in 1988 than previonsly thought. Gross domestic product, on the average measure, is now thought to have increased by 4.4 per cent last year against previous estimates of 3.7 per cent, while domestic demand is estimated to have risen by 7.3 per cent in 1988.

The Bank says the outlook for manufacturing is for little growth in the coming months, despite rises in July and August after a broadly flat second quarter. But the widening of the current account deficit to £5.9bn in the third quarter from £4.9bn in the second quarter "suggests that domestic demand may also have picked up."

The Bank has relied heavily on survey evidence, such as the Confederation of British Industry (CBI) industrial trends surveys, in building up its picture of the UK economy. It is sceptical about official government figures and the conclusions that might be drawn from these.

Official fignres have suggested thet indnstrial investment was flat in the second quarter while non-manufacturing investment fell 3.5 per cent. However, the Bank appears reluctant to conclude that these trends reflect increased corporate indebtedness or high interest rates. It observes that recorded investment is extremely volatile in the short term and that it is difficult to know if a slowdown is underway because of "uncertainty attached" to the official expenditure figures.

It says there is a strong incentive for companies to invest in anticipation of completion of the single European market while non-manufacturing investment is underpinned by large infrastructure projects such as the Channel Tunnel.

On balance, however, the Bank believes that the figures point to slowdown. Still clearer is the evidence concerning consumer spending.

Reflecting the slowdown in the housing market, spending on consumer durables was flat in the second quarter in contrast with last year's trend when it grew by a real 2.5 per cent on average in each quarter. It believes that consumer spending in the third quarter was flat across the board.

However, the Bank says there are few signs yet of any easing in the labour market.

Despite the worsening of the current account deficit in the third quarter, the Bank believes that British competitiveness may have improved. The Bank adds there is evidence that slower domestic demand growth has encouraged British producers to concentrate more on export markets.

The Bank's review of world economic prospects suggests that British exporters should be able to count on continued growth in world trade. It says world trade is expected to grow by about 5.25 per cent a year in 1990 and 1991 compared with a projected 7.75 per cent growth this year.

THE INCREASE in the weekly Treasury bill tender has helped the Bank keep short-term money market interest rates high, writes Simon Holberton. It helps to discourage borrowing and support the pound.

A note observes that the average interest rate bid for bills in the weekly tenders has been much closer to, and has sometimes exceeded, the London interbank bid price for short-term money.

The Bank's market operations have also tended to keep short-term interest rates high. It has put restrictions on the maturity of commercial and Treasury bills it buys from the market to relieve liquidity shortages and has taken to dealing later in the day. From May to September the amount of Treasury bills outstanding grew from £3.1bn to £9.2bn.

Asset sum clouded by inaccuracy

BRITAIN's external assets could be less that half of their officially recorded level of £94bn at the end of 1988, says the Bank, writes Simon Holberton.

It pointed ont that judgements on the UK's external position were clouded by inadequate official data. The balancing item in the balance of payments amounted to £12.3bn in 1988, while the cumulative balancing item since 1975 was more than £54bn.

This error, of which £35bn has accrued since 1985, could be unrecorded current income, thereby making the current account deficit smaller, or unrecorded inward investment in the UK, thereby reducing the value of net external assets.

The Bank, however, sides with the Central Statistical Office, in believing that the balancing item mostly comprises unrecorded capital inflows. This would mean that net UK liabilities are understated and hence net assets overstated.

From the official figures, Britain slipped to third place in world rankings of countries with the higgest external assets. At the end of 1988 the dollar value of the UK's external assets was $162bn, against $291bn for Japan and $162bn for West Germany.

The UK still tops the league if total external assets are related to gross national product. The external assets of the UK equal 19 per cent of GNP, against 17 per cent for West German and 10 per cent for Japan.

The Bank said that Britain's external assets were £4bn higher at the end of 1988 than at the end of 1987.

Warning on East bloc reforms

THE BANK warns that it will not be easy to manage the process of economic reform in eastern Europe, writes Peter Norman. It says the immediate task of reformist governments in eastern Europe and the Soviet Union is to rectify macro-economic imbalances – particularly on the fiscal front – which stand in the way of structural reforms.

It notes that the Polish Government has already outlined a bold economic stabilisation programme.

The "key requirement" in those countries opening up to Western democratic influence is to foster market-based development, the Bank says.

But it cautions that gradualist policies, applied sector by sector or in a sequence of across-the-board steps are "fraught with problems."

Liberalising one sector of an economy may increase strains on other still-regulated ones, while phased changes in relative prices are liable to present opportunities for speculation. Even if such developments do not raise overall prices, they could both distort and discredit the reform process, the Bank says.

On the other hand there are risks in attempting to unleash market forces where neither market structures nor market attitudes exist.

The Bank says that if inflation is not to rise in the reforming countries, interest rates will have to be used to restrain the spending of money balances and the expansion of credit.

Prudential controls will also become increasingly important in eastern Europe as the bankruptcy of enterprises become a real possibility, the Bank adds.

Personal pensions sales set for continued growth

By Eric Short, Pensions Correspondent

THE POPULARITY of the recently introduced personal pensions, contracts for more than 3m of which were sold in the fiscal year 1988-89, looks set to continue this year.

Figures yesterday from the Association of British Insurers showed that personal pensions sales by life assurance companies were buoyant in the third quarter.

New annual premiums were £223m, nearly 10 per cent up on the £204m in the third quarter last year – the first period in which personal pensions became available.

Single premium sales in the third quarter were triple those of a year ago – £500m against £155m. Some single premium business relates to a backlog from the business boom in the final days of the previous tax year, but life companies are finding strong growth in personal pension sales.

A big underlying feature has been the growth of unit-linked pension contracts at the expense of traditional with-profit contracts. More than half the annual premium contracts and nearly half the single premium contracts sold were unit-linked, whereas traditional contracts were dominant a year ago.

The continued growth in pensions business is opportune for traditional life companies marketing conventional with-profits life business in a dull mortgage market.

New annual premiums on ordinary life business dropped by more than a fifth against the period last year from £309m to £244m because of the fall in sales of traditional mortgage-related contracts.

Unit-linked annual premium life business showed a slight increase from £131m last year to £151m.

Sales of linked-life bonds at £778m were over £75m higher than the previous quarter and over one-fifth higher than sales in the third quarter last year of £637m. This growth reflected the strong stock markets over the period ahead of October's mini-collapse.

Sales of non-linked bonds in the third quarter, at £200m were more than double sales in the corresponding period last year.

● An ombudsman is to be appointed as part of government plans to improve the security of people in their pension arrangements.

Mr Tony Newton, Social Security Secretary, said that the pensions ombudsman would have the power to settle grievances and there would be a statutory requirement that the pensions industry must abide by his decisions.

The Government's detailed proposals are based on a report drawn up by the Occupational Pensions Board and published at the beginning of this year. The vast majority of the board's proposals have been accepted with little amendment. The main exception is the establishment of the ombudsman against the board's recommendation of a pensions tribunal.

UK NEWS

Blue Arrow rights issue pierced bankers' high hopes

BLUE ARROW's £837m rights issue was intended to mark a high point for County NatWest, the merchant banking arm of NatWest bank, and Phillips & Drew stockbrokers, proof that they could play alongside London's leading dealmakers. Instead, it has left a trail of accusations and ruined careers across the City of London, culminating yesterday in fraud charges against 11 people, writes Richard Waters.

The Blue Arrow rights issue, to finance the purchase of Manpower, the US employment group, was announced in August 1987 – as one of the greatest bull markets the City had ever seen reached its peak. The issue was a flop – only 38 per cent was taken up. A placing the following day found buyers for a further 35 per cent, but left the underwriters with a large slice of the issue.

It was the reaction to the original rights issue and the placing which led to yesterday's arrests.

The problems started for the corporate financiers at the centre of the deal – Mr Nicholas Wells and Mr David Reed of County, and Mr Martin Gibbs and Mr Christopher Stainforth of P&D – on the evening of September 28, 1987 at a meeting in County's Drapers Gardens offices when the disastrous result of the rights issue emerged. Plans were laid to salvage the situation.

That evaning County and P&D, together with another house, Dillon Read, agreed to take about 10 per cent of Blue Arrow's shares. This was "added in" to the 38 per cent and enabled County and P&D to declare the next day that nearly 50 per cent of the shares had been taken up in the rights issue.

County undertook to take on the extra shares only after the extra exposure was approved by Mr Cohen and Mr John Plastow, a main board director.

The following day, P&D set about trying to place the rest of the Blue Arrow shares in the market. Mr Tim Brown, head of sales, was responsible for this exercise.

The rights issue led to a further 35 per cent of Blne Arrow's shares being placed. County and P&D announced the results in a press release later that day. The press release claimed that 48.9 per cent of the shares had been taken up in the rights issue. This included the 10 per cent "added in" the previous evening.

It also stated that the remainder of the shares subject to the placing had been "sold in the market," whereas 15 per cent of the issue had not been placed. The amount of information given to the market at this stage appears to be at the centre of the charges brought yesterday.

Events over the ensuing weeks may also have had an important part to play.

Left with a large block of shares, County was faced with the legal provision which requires a shareholder to disclose any holding in excess of 5 per cent of a companies' shares.

The hotding was broken up, part being left with County, part with its securities arm, and part with P&D, which signed an agreement with County protecting it from any losses which might result on the holding.

Mr Alan Kean of Travers Smith Braithwaite was asked by County for a legal opinion on whether tha agreement with P&D contravened section 204 of the Companies Act: this would have required it to treat the stake as though it was still owned by County for the purposes of disclosure.

In a letter dated October 5, Mr Kean said that in TSB's opinion the agreement did not present a problem.

According to the Department of Trade & Industry's inspectors, Ms Elizabeth Brimelow, then County NatWest's compttance officer, was involved in discussions which led to County's securities arm taking on tts Blae Arrow stake.

The conspiracy charges caused surprise in some City circles yesterday. The publication in full of the DTI's report in the summer, at the same time thet it was passed to the police, appeared to suggest that no serious charges were expected to be brought – although the report did allege breaches of the Companies Act.

The DTI's action contrasts with its approach to the House of Fraser case in which the Lonrho conglomerate and the Egyptian Al-Fayed brothers battled for control of the retail group which owns Harrods. In that instance, it said that it would not publish its report nntil Serious Frand Office inquiries had been completed, for fcar of prejndicing the case.

Pressurised reactor plans scrapped

By Max Wilkinson, Maurice Samuelson and Ralph Atkins

THE Government announced yesterday that it had abandoned plans to build a family of new pressurised water nuclear reactors after the first PWR now under construction at Sizewell in Suffolk.

Mr John Wakeham, the energy secretary, also told the House of Commons that all Britain's nuclear plant will remain in the public sector rather than being privatised as planned.

The new nuclear company will be headed by Mr John Collier, head of the Atomic Energy Authority, rather than Lord Marshall, chairman of the Central Electricity Generating Board, as had been widely assumed. Last night Lord Marshall was thought to be preparing to resign.

Earlier, Mr Wakeham said the decision to abandon the privatisation of nuclear power resulted from new cost estimates and the "unprecedented guarantees" which the privatised industry would need from the Government.

He said last night that perceptions of building the new family of four PWRs had changed in recent weeks after the Government to remove the elderly Magnox nuclear stations from its privatisation plans.

As a result of his decision, National Power, the larger successor company of the CEGB, will have 60 per cent of the coal and oil fired capacity, with its sister company, PowerGen, holding the remainder.

The new nuclear company will hold about 8.5 per cent of the generating capacity in England and Wales.

The decision is likely to increase the attractiveness of the electricity industry to potential investors. Excluding nuclear power stations will remove a large area of uncertainty in financial calculations.

Privately, senior Conservatives described the government announcement as a "major setback" given previous commitments to selling nuclear stations.

Government sources emphasised that it would not withdraw from nuclear power. Mr Wakeham said he wished to preserve a strategic role for nuclear power "to maintain adequate diversity of electricity supply".

Thatcher firm as ambulance row spreads

By Michael Cassell, Political Correspondent

THE Prime Minister yesterday signalled the Government's determination to resist mounting calls for arbitration in the ambulance dispute, which yesterday escalated around the country.

Ambulance crews in London were answering a substantial number of 999 emergency calls, despite the presence on the streets of military and voluntary vehicles.

Elsewhere, increasing numbera of crews adopted tha national recommendation to ban non-urgent work, although they were pledging to continue providing 999 cover.

With no sign that management and unions were preparing to discuss the eight-week-long dispute, representatives of the five unions involved wrote to London Ambulance Service management stressing that members would answer emergency calls if they were put through to them.

As both sides continued to blame each other for the cessation of a normal emergency service, union leaders said they were willing to meet for talks the moment management restored an accident and emergency service in London.

In noisy scenes in the House of Commons, Prime Minister Margaret Thatcher condemned the ambulance crews for taking "action against the sick" by failing to honour last month's agreement on maintaining a full accident and emergency service.

During a two-hour emergency Commons debate, the first allowed for 18 months, Labour renewed its accusations that the Government had backed moves to escalate the dispute and urged Mr Kenneth Clarke, the Health Secretary, to meet the unions involved.

Some 806 of the 1,500 emergency calls in London during the 24 hours to yesterday morning were passed through Scotland Yard police headquarters to the Army, the St John Ambulance, Red Cross and the police. The rest were answered by ambulance crews.

This was possible because staff were only suspended from duty after carrying out their first call, when they then refused to use the radio in the manner management wished.

Mr Roger Poole, the national chief trade union negotiator, yesterday launched an ambulance fund, calling on the public to support crews suspended without pay.

Lloyd's underwriter Outhwaite settles on disputed contract

By Patrick Cockburn

RHM OUTHWAITE, the troubled Lloyd's underwriter, has managed to cap its liabilities in its largest single disputed contract. Outhwaite estimated the cost of tha settlement at $50m, but the figure was immediately disputed by the syndicate with which it was agreed.

The agreement limiting the exposure of Outhwaite syndicate 317/661 and Wrightson syndicate 90 managed by the Merrett Group was reached with the help of Mr Mark Littman, QC, the conciliator appointed by Lloyd's earlier in the year.

In the original statement announcing the agreement Mr Murdoch Macleod, spokesman for RHM Outhwaite, said the settlement was worth about $50m but Mr David Robson, the director of Merrett responsible for syndicate 90, declined yesterday to confirm that these figures were correct and expressed surprise they had been issued.

Mr Robson said last night: "The information you have been given is a flagrant breach of a confidentiality agreement and injunctive proceedings are being pursued."

Mr Michael Munden of Herbert Smith, solicitors for the Wrightson syndicate, said later: "Our intentions and my instructions are to issue an injunction against Outhwaite restraining breach of an agreement on confidentiality."

Mr Macleod had earlier expressed surprise at Merrett's response but agreed that in "the absolutely worst scenario" the cost of the settlement could be higher. He said later: "The other side seems to think it is much higher but we think it is fair and reasonable."

In addition to the settlement with syndicate 90 Outhwaite have also agreed terms on a run off contract with syndicate 484, managed by Methuen (Lloyd's Underwriting Agents) Ltd worth $10m.

Out of 10 contracts with other syndicates in dispute at the beginning of the year RHM Outhwaite say they have now reached a negotiated settlement capping their liabilities with seven. They are still trying to reach agreement on three other contracts and one further contract is now being disputed.

All the run-off contracts are with the 317/661 syndicate in 1982 relate to asbestos and pollution cover in the US which have produced claims preventing Outhwaite closing the syndicate accounts for 1982. Its 1,612 members face losses of £304m.

Syndicate 90, sometimes also known as the Pullbrook syndicate,is heavily exposed to asbestos and the cost of reclaiming hazardous waste sites polluted by US chemical companies. In 1981 it paid Mr Outhwaite $1m for a run-off contract to pay out when its pre-1974 claims exceeded $27m. Originally estimated to total $17.6m they had escalated to $109m by January 1988.

Mr Robson said that despite the agreement with Outhwaite there was still no question of closing the 1982 year of syndicate 90.

Responding to the announcement of the settlement Mr Peter Nutting, chairman of the steering committee of members of the syndicate 317/661 in 1982 who are suing 101 members agents for introducing them to Outhwaite, said yesterday: "It is good news for us that liability is known on 50 per cent of business. What we don't know is the price paid for this capping."

He said be was concerned that large sums were being paid upfront by R.H.M. Outhwaite for deals capping ultimate liability and added that the financial future of the syndicate and its members would not become clear until its accounts were issued in May or June next year.

In Brief

Chevron reports N Sea oil find

Chevron, US oil company, reported a successful oil well drilled 1.5km from its Alba North Sea field. The well flowed at more than 3,400 barrels a day and raises the possibility of an extension to the reservoir whtch Chevron believes contains more than 250m barrels of recoverable reserves.

Woolwich advances

Pre-tax profits at Woolwich, the third largest UK building society, rose by 67 per cent to £187m in the year ended last September. But mortgage lending fell to £2.52bn from £3.4bn a year ago, reflecting the decline in the housing market. Net intake from retail investors rose to £1.45bn from £1.2bn a year ago. Assets grew 12 per cent to £15.1bn.

Tilemaker cuts

H & R Johnson, UK's biggest ceramic tile maker, is to make 325 of its 2,300 workers redundant in a retrenchment programme it blames on a rise in tile imports from Italy and Spain and the downturn in the domestic construction market. Imports have risen from 25 per cent of the UK market in 1980 to about 70 per cent.

Steel output falls

Steel production in October fell by 8.3 per cent compared with the previous month and was 13.1 per cent below that of October last year.

Opera funds drive

The Royal Opera House is to *approach companies, financial* institutions and rich individuals to raise £35m in advance funding for its £135m - £175m renovation programme, its first since 1902.

Futures objections

Mr John Redwood, corporate affairs minister, will meet US futures regulators in Washington next week to register strong objections to rules governing the ways in which UK futures brokers may deal with US clients.

BBC in joint venture

BBC Enterprises, commercial arm of the BBC, announced a joint venture with TV Data of the US, a subsidiary of E.W. Scripps, the broadly based US media company, to supply to publishers all the corporation's television and radio listings in machine-readable form.

Unions to merge

A merger between the National Union of Railwaymen and the National Union of Seamen with a potential total membership of about 130,000 now looks set to take place early next year, according to union officials.

Ford raises offer

Ford, the carmaker, increased its pay offer for 32,000 manual workers to 9 per cent in the first year of a proposed two-year deal. It offered the inflation rate plus 1 per cent in the second year but made no move on union demands for a cut in the 39-hour week.

Corporate financing in Japan

Nifty footwork of the independents

Stefan Wagstyl and Robert Thomson report on the growth of consultancy in mergers and acquisitions

It is rare for a small company to set up shop among the giant institutions which dominate Japanese finance. The almost universal preference among Japanese is for the safety and prestige of a large group. Among clients and bank clerks alike, the common attitude is - once a Mitsubishi man always a Mitsubishi man.

But with the onset of financial liberalisation, a handful of people are taking the plunge, particularly in mergers and acquisitions, where fast footwork matters more than size.

The trend towards mergers and acquisitions is still in its early stages in Japan but is growing rapidly – according to one estimate, the value of such deals involving Japanese companies doubled last year to Y2,120bn (£9.3bn) and is set to rise even more in 1989.

However, big banks and securities houses have not yet had time to take control of the market.

FT correspondents in Tokyo report on two Japanese M&A boutiques which are challenging the country's financial superstores.

Masaaki Yoshida (left) and Masaharu Yonezawa: their contacts are the key to Recof's growth

A specialist approach outside the big league

Masaaki Yoshida and Masaharu Yonezawa gave themselves three years to make a success of Recof, their independent mergers and acquisitions company.

But one year after they opened for business in October 1988, they are making a profit. They needed to complete one deal a year to make money – they have already done two and expect to complete several more by the end of the year. Having started with eight staff, they now have 32 and plan to have 40-50 in six months' time.

Recof avoids direct competition with the large Japanese banks and securities houses and with foreign investment banks by specialising in small and medium-sized transactions.

While others hunt for deals worth Y100bn (£440m) and more, Recof's transactions are typically worth Y3bn-Y5bn, involving Japanese companies both in Japan and overseas. Some 70-80 per cent of the business is domestic.

Recof executives say they compete successfully with the M&A departments of large rival organisations by offering well-argued and well-researched ideas. A small little-known company cannot rely on its name to generate business. "If we go to a biscuit company, we don't tell them about Recof. Instead, we explain our view of the biscuit market and the company's situation. Sometimes they are surprised how much we know. Then we explain how it would help if that company acquired this or that other company," says Yonezawa, president of Recof International, which handles the group's overseas deals.

In truth, Recof relies as much on the traditional values of the Japanese financial community as to its innovatory ideas. In particular, it owes much to its friendly relationship with Yamaichi Securities, one of Japan's big four securities companies. Yoshida, the 51-year-old founder and main shareholder, Yonezawa, 53, and several of their senior colleagues, are all former long-time Yamaichi employees.

Together they have brought years of accumulated experience plus the names of thousands of contacts in finance and industry. Rival M&A bankers in Tokyo say these contacts, especially Yoshida's, are the key to Recof's success.

Yoshida pioneered corporate finance at Yamaichi Securities, where he established Japan's first specialist M&A department some 15 years ago and later became a director. Yonezawa spent much of his time on the international side of Yamaichi, including a spell in New York. His work often overlapped with that of Yoshida.

Not surprisingly, Yoshida found it difficult to persuade Yamaichi to let him go independent. Without Yamaichi's blessing, he would have found it almost impossible to establish a rival company – even a very small one – in the close-knit Tokyo financial community. But he eventually managed to leave in late 1987 – on condition that he remained an adviser to a Yamaichi subsidiary.

Yonezawa, who had left Yamaichi earlier for a French-owned securities company in Tokyo, joined him last year. Yamaichi also allowed others to leave - about 10 of the 32 Recof staff are ex-Yamaichi.

It seems that the big securities company permitted Yoshida to have his own way because it realised it could no longer keep him – or the people he subsequently chose to recruit. In London or New York, such a parting of the ways might have been accompanied by angry outbursts and recriminations. Yamaichi, by maintaining friendly relations, has kept in touch with a man whose experience it values.

For Yoshida and his colleagues a big attraction of going independent is the possibility of earning much greater profits from their work than they might at Yamaichi. Recof intends to pay large bonuses and to distribute dividends to shareholders.

Yoshida put up most of Recof's Y21m capital and borrowed another Y320m to start the business. These funds are dwarfed by the resources of US M&A boutiques, not to mention those of the typical Wall Street investment banks. But Recof does not need much capital because it does not plan to finance takeovers – only to offer advice.

The key to Recof's future will be the way that the Japanese M&A market develops. Yonezawa says that Recof does not now compete directly with anyone – in the sense that it does not come across other M&A teams offering companies similar proposals to its own. But this will change if Recof's success draws other corporate finance teams into the market.

Recof intends to stay ahead by producing ideas different from others. Yonezawa is convinced that the domestic market offers great opportunities. "Everybody is now interested in the US. But the Japanese market for M&A will grow. Japanese companies are beginning to realise that they need a solid base at home in order to invest abroad. That kind of concept is growing." For companies in mature industries that does not mean piling into new investment in production or marketing – but acquisition.

Yonezawa also thinks that companies are no longer relying as much as before on the traditional ways of resolving competitive battles – turning to the Ministry of International Trade and Industry, for example, or seeking advice from the large groupings of companies which have long dominated Japanese industry, such as Mitsui and Sumitomo.

Yonezawa says a Mitsui company would now consider merging with a Sumitomo group member if the Sumitomo company offered more advantages than a Mitsui group member. "The rigidities are getting weaker."

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Breaking with tradition

Corporate Directions Inc, like other consultants in Japan, has had to overcome corporate cultural barriers. Not wanting to lose face, Japanese firms have traditionally been reluctant to admit that they have problems, and, even if a problem is conceded, there is a tradition of service in Japan that makes some managers believe that all advice comes free.

The nature of CDI, with a core of relatively young consultants, also challenges a conventional view that wisdom accumulates with age. The picture of young consultant briefing elderly company owner remains unlikely. Wataru Yoshikoshi, the company's president, likes to use the example of a house fire to counter the argument: "If your house is on fire do you want a fireman who is 30, 50 or 70 years-old?"

Yoshikoshi founded CDI in January 1986 after leading 10 other colleagues away from the Japan operations of the Boston Consulting Group – not every Japanese employee is bound by unquestioning loyalty to his company. He appreciates that he has set a precedent that his more ambitious consultants could be tempted to follow, but presumes that western-style space, Japanese-style reassurance and a better than average salary will keep them.

Networking is done on a grand scale by Japan's keiretsu, the giant trading houses which embrace group companies with congenial cross-holdings, but CDI has a network of interests and influence on a smaller scale.

Before CDI and the Boston Consulting Group, Yoshikoshi worked as the project manager for the technology development and planning section of Tokyo Gas, the largest supplier of household gas in Japan. Tokyo Gas has taken a 4.5 per cent stake in CDI. Recruit, the employment company at the centre of the political scandal of the same name, also has a 4.5 per cent stake in CDI through a subsidiary.

Yoshikoshi has known Recruit officials since it became his lot to hire new staff when first working as a consultant: "I was told to recruit some people. I called up the manager of a Recruit company. They have been very good clients. There is a transfer of information."

He emphasises that he has never met the former chairman of Recruit, Hiromasa Ezoe, who was indicted after the exposure of his company's widespread attempts to buy influence from the country's leading politicians.

Another shareholder in CDI is Orix, the country's largest leasing company, which has a 4.5 per cent interest. The balance is held by the founding partners.

Another network tapped into by the company is the university old-boy system that remains important long after graduation. With a reputation as a successful enterprise likely to become more so, CDI has managed to attract a better class of graduate from the more prestigious universities.

Apart from their impressive credentials, the graduates have contacts in those elite faculties which traditionally produce business leaders and influential bureaucrats.

Numbers of staff have risen from 31 in 1986 to 63 this year. Yoshikoshi says Japanese students, who previously aimed at working for one of the country's largest companies, have "become very interested in this type of business," so it is "very easy for us to find people."

Yoshikoshi is fond of drawing diagrams to explain a point. With the help of an illustration, he suggests that consulting work has come to cover different areas, and has therefore become more lucrative. Instead of the single area of cost-cutting, there are now three trends in generating work for consultancies in Japan: cost competitiveness, a high value-added orientation, and the growing popularity of mergers and acquisitions.

Japan went through its first cost-cutting phase with the oil shocks, and entered a second phase with the remorseless appreciation of the yen. At the same time, companies have become more conscious of quality as consumers have become more willing to pay for it, so there has been a general shift towards adding as much value as possible to products.

Yoshikoshi expects a continuing rise in M&A, which he presumes will produce opportunities in counselling the café or the merged companies. Mergers can be particularly cumbersome in Japan, where employees devoted to a department within one company have remained locked into old routines and loyalties regardless of the merger going on around them.

Accommodating managers in a face-saving way who were in theory surplus has remained a priority; in the case of the recently announced merger plans of the Mitsui and Taiyo Kobe Banks, all 68 executives from both companies have been promised an office in the headquarters of the new Mitsui Taiyo Kobe Bank.

Yoshikoshi is confident, though, that Japanese companies are about to make better use of people. Whereas they tend to find some role for every employee, even if it is paper-shuffling for the sake of it, there are now signs that some companies want to make the workplace more dynamic.

"Evaluating people is very important for business. If the direction of a company changes, then the whole system has to change. If the hardware changes, then the software has to change," he says.

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Business courses

How to Franchise Your Business in France. Howard Hotel, London, November 21. Fee: £138. Details from: Hannah Brown, Stoy Hayward Conference Services, 29-41 North Road, London N7 9DP. Tel: 01-607 5322.

Corporate Strategy for 1990 - A Practical Approach. November 21 1989. London. Fee: £258.75. Enquiries: Ms J K van Wycks, Seminar Division, Hawksmere, 12-18 Grosvenor Gardens, Belgravia, London SW1W 0DH. Tel: 01-824 8257

Interpersonal Skills for General Managers. December 11-15 1989. London Business School. Fee: £2,200. Enquiries: 01-724 4563

Strategy in Action. March 12-16. London Business School. Fee: £2,195 (to be confirmed). Enquiries: 01-724 4563

Designing and Producing Effective Equipment Documentation. February 12-13 1990. London. Fee: £545 + VAT. Enquiries: The Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London SW18 3SX.

Management Skills for Technical Personnel. February 22-23. London. Fee: N/A. Enquiries: The Infomatics Resource Centre, Fitzhugh Grove, London.

Crisis? What Crisis? January 25-26 1990. London. Fee: £525 + VAT. Enquiries: Ann McCluskey, Forum Communications. Tel: 01-938 2222.

Project Management: The Critical Skills and Techniques. February 19-21. London. Fee: N/A. Enquiries: Infomatics Resource Centre, 2 The Chapel, Royal Victoria Patriotic Building, Fitzhugh Grove, London. Tel: 01-871 2546.

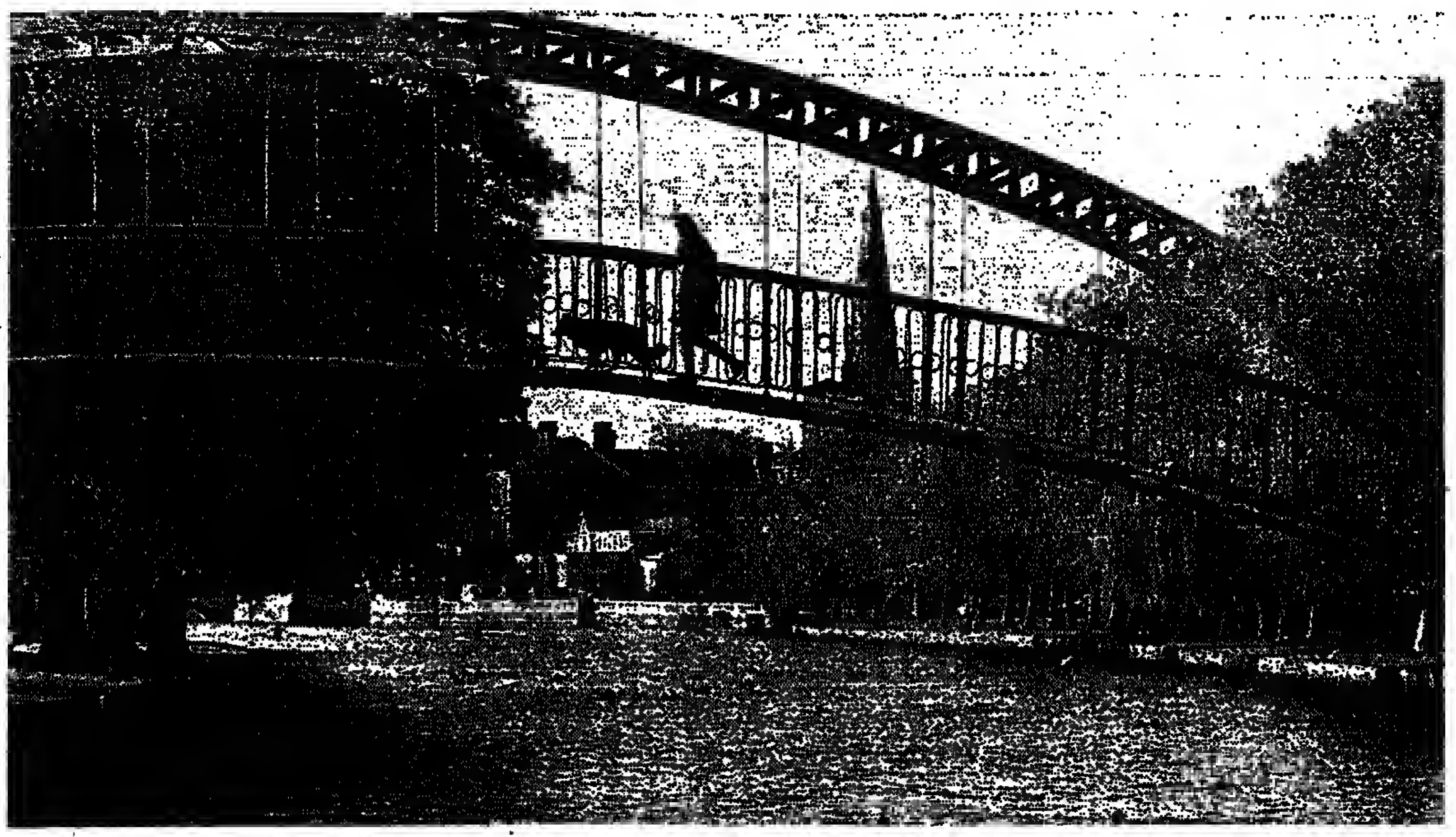
International Total Quality Conference. November 28-30. London. Fee: N/A. Enquiries from: Eileen Peverall, marketing manager, David Hutchins Associates, 13/14 Hermitage Parade, High Street, Ascot, Berkshire. Tel: (0990) 28712.

Marketing Plans. December 11. Bedford. Fee: £240. Enquiries: Seminar Administrator, Marketing Plans - Guidelines for Chief Executives, Cranfield School of Management, Cranfield, Bedford.

FINANCIAL TIMES SURVEY

Since the recession of the early 1980s, the county has diversified its economic base, and unemployment has fallen, says **Stewart Dalby**. In seeking new industries, it must compete with areas that offer financial incentives; yet it does have other advantages.

Commuters in reserve



The Great Ouse, which flows through its centre, contributes much to the physical attractiveness of Bedford, the county town

BEDFORDSHIRE

FOUR YEARS ago, Bedfordshire seemed to have a lot going through it, but not moch going *for* it.

Sitting above the M25, and astride the main routes to the north, like the M1 and the A1, the county is physically one of the smallest in the UK.

In 1986, with its population at 530,000, it saw its unemployment rate rise to 10 per cent, compared with the 9.7 per cent average for the South East. In pockets like Luton, unemployment soared to 13.8 per cent, higher than the national average.

The prohlem was that, although the largely agricultural county is geographically part of the South East – its southern perimeter is only 30 miles from the centre of London – its towns, particularly Lutoo, had the profiles of northern industrial centres. They relied for jobs on a few large manufacturing employers. When the recession came, in the early 1980s, the decline hit these companies hard.

Problems were compounded by the fact that, as the economic recovery got under way, companies that were being forced out of London by high rates and rents tended to go to nearby Milton Keynes, where the new town corporation offered attractive incentives. Alternatively, they were drawn to Cambridge's famous science park. Bedfordshire, between these two heavily-promoted cities, was overlooked.

Since 1986, however, the county has quietly managed to diversify its employment base, both by encouraging established companies to expand, and by inducing new ones to start up or move existing facilities to the area.

Established companies long associated with Luton, such as Vauxhall, Laporte Industries, SKF(UK) and Electrolux, have all shaken out during the last decade, and in most cases shed labour. Vauxhall, for example, now employs 5,400 at its Luton plant, less than a third of the workforce at the end of the 1970s.

However, as many companies now expand again, Vauxhall is taking on new workers on the back of the success of its intermediate-range car, the Cavalier, which is made in Luton.

Laporte Industries, which was founded in 1888, in Shipley, Yorkshire, by Bernard Laporte, a young trader in chemicals, has been in Luton since the turn of the century. It has a close identification with the town, because it originally made dyes and bleach for the straw-plait industry, which was the basis of the hat business for which Luton was renowned before engineering became the dominant sector. Laporte is now a large international corporation, which operates in many countries but still has an important Luton presence.

SKF(UK) is another well-known Luton company which survived the recession. It was founded there in 1910, and the first SKF bearing to be produced outside Sweden – a double-row, self-aligning ball bearing – was produced the following year. Today, the company manufactures a selected range of bearings and related products for the UK market, where it holds a leading position. It still has it headquarters at Sundon Park, Luton.

Well-known names are linked to Bedford, too. Texas Instruments, with 1,100 people, says it is the largest manufacturing employer in the town. A leading semiconductor manufacturer, producing defence electronics systems and computer systems products, it has been located in Bedford for 30 years and is growing. It finds the town convenient, because educational establishments are good, property reasonably priced, and the local authorities helpful.

Companies that have set up in Bedford more recently, like the National Freight Consortium, have emphasised the good communications. "Faced in 1978 with steep rises in occupation costs, particularly rates and rents, the NFC decided to seek a single less expensive corporate headquarters," explained a spokesman. "It had to be within 50 or 60 miles of London, but accessible to the North and Midlands."

The fast road and rail links and good access to the M1 and A1 were an important factor in the NFC's decision to relocate; so, too, was Bedford's educational reputation. The company has not regretted its decision.

With older companies growing again, and some new ones relocating, the Bedfordshire unemployment rate has fallen sharply. This summer – when the national average was 7.1 per cent, and the average for the South East 4.4 per cent – the county had a jobless total of 3.4 per cent. Luton, which continues to have special problems with its image of a run-down urban area with high levels of crime, was slightly above the South East average, at 5.4 per cent.

Yet these figures take oo account of the large increase in the locally-based commuting population. With the Thames-Link trains added to the Midlands line from St Pancras, it has become easy to commote to London. Precise figures are difficult to obtain, but British Rail indicates that more than 30,000 return tickets are sold at Bedford each day, and well over 40,000 at Luton.

So it seems likely that there are at least 30,000 commuters – a potentially important resource, which Bedfordshire could turn to its advantage as it cootinues to encourage new companies to set op in the county. One constraint that companies are now facing in moving to places like Milton Keynes is the shortage of labour, particularly skilled labour. Milton Keynes now has an unemploymeot rate of 2.4 per cent, which effectively means full employment; and it has few commoters to London.

A year ago, the county council – possibly realising that the county needed a higher profile if it was to compete for jobs with centres such as Milton Keynes, Peterborough and Cambridge – set up its Economic Development Unit.

The EDU has devoted much effort to assembling information that conveys the county's economic profile. It now offers a ooe-stop service, which includes not only basic information about Bedfordshire, like housing, population, economic structure and educational opportunities, hut also data on land availability, small husiness advice – complementing the Bedfordshire Community Enterprise Agency – financing advice, and information oo technology transfer and business development.

Because Bedfordshire is part of the South East, what the EDU cannot do is offer financial inceotives. Nooe of the towns has had new-town or developmeot status. This means that land must he sold at market rates, and there are no cheap council houses on offer for key employees. But, with its information base, the EDU can point up the advantages.

One obvious selling-point is communications. The county sits not only on the M1, A1 and A6, going north-south, but also has the east-west A428. From this, it is easy to link up with the A45 and the east coast ports of Felixstowe and Harwich – both about two hours away. The M25, circling London, is an hour's drive from the north of the county. From Bedford, the rapidly growing Luton Airport is half an hour away.

Commuoications apart, everything looks a little less expensive than in, say, nearby Hertfordshire. Industrial land sells for between £300,000 and £500,000. Fully serviced industrial land is available in Bedford, Luton and Biggleswade. Bob Gurney, at the EDU, estimates that 593 acres across the county are either available or will be available in the near future. Office rents in Bedford are around £10 per square foot for a prime site.

Houses in Bedford are less expensive than in other parts of the South East, with a detached four-bedroom house selling for hetween £100,000 and £125,000. A three-bedroom semi-detached would cost around £70,000. While central Luton may not be a place where many managers would choose to live, there are modestly priced houses in the surrounding villages, and the commoting time to London is only half an hour.

It is likely that Bedford and Biggleswade will develop in a different way from Luton. Bedford, farther from London than Luton, will probably seek more so-called B1 (light industrial, high-tech) companies. Ooe additional attraction for high-tech scieotific companies, which might otherwise be considering a move to Cambridge, is that the Cranfield Institute of Technology will be their door step.

Luton, on the other hand, aims increasingly for service-type companies. The town once had 37 per cent of its workforce employed in industry. This has now dropped to 27 per cent, and will probably fall further as office blocks go up. Office reots are competitive, at around £15, although they can rise to over £20 in prime sites.

Both Bedford and Luton, however, have a pool of commuters who might be persuaded to work closer to home. So Bedfordshire does not suffer from the severe bottlenecks in its labour markets, which are beginning to arise elsewhere. This could be a winning card in its drive to attract new companies and persuade existing ones to expand.

CONTENTS

☐ Pictures: ALAN HARPER

LUTON: **Stewart Dalby** scrutinises 'a little bit of the north in the south', and concludes that . . .

New jobs are likely to depend on image

ANY SMALL town that thinks it has troubles can always consider Luton. This borough of nearly 170,000 people, half an hour by rail from London, seems to have them all.

It has one of the highest crime rates in the country – in 1988 there were 19,000, more than one for every 10 inhabitants. Between the ring roads, which dominate the centre, it suffers from severe dereliction. The council estates on the perimeter were said until recently to have been no-go areas for the police on Saturday nights. They have all the problems associated with run-down inner-city areas.

Twenty per cent of the town's population is made up of ethnic minorities, though there have been no obvious signs of racial tension.

The area had an unemployment rate of 5.4 per cent earlier this summer – compared with 3.4 per cent for the county of Bedfordshire and the 4.4 per cent for the South East. This would almost certainly have been higher, but for the fact that thousands of Luton people commute to London.

In much of its deprivation, Luton is not so different from other Victorian towns where manufacturing industries have gone into decline. Yet it is unusual among towns in the south. At the turn of the century, the local authorities and tha chamber of commerce promoted it as a place for industrial development. Electricity arrived early, and many houses were built. This attracted engineering and chemical concerns as major employers, in succession to the hat and straw-plaiting industries. Transient workers moved in as the beavy manufacturing profile, with high employment, continued until the end of the 1970s.

Witb the recession of the early 1980s, the engineering and chemical concerns either closed down or rationalised, throwing thousands out of work. By 1986, unemployment had reached 13.8 per cent.

At the time, such a level was common in northern industrial cities, but in Luton there was an important difference: the rootless nature of many immigrants meant that tbe car plants and chemical factories did not generate their own cultures in the way that, say, the steel mills of Sheffield did. There is little civic pride in Luton, and little of the sense of community to be found in, say, the formar mining areas of Sonth Wales. Peopla are in Luton solely for the work.

Mr Roy Davis, a local Labour politician, has been quoted as saying: "Possibly the unique thing about Luton is thet not only does it have an image problam witb outsiders, but that the people who live bere don't like the place either."

The fact that such attitudes have made it difficult to regenerate the town does not mean that people are not trying. Some months ago, the Lnton Initiative was set up. It was the brainchild of a local businessman, Mr Derek Ludlow, who arrived from Ireland in the 1950s when he was 16. Some £300,000 has been raised from pnblic funds, and Mr Terry Johnson, a London advertising executive, has been appointed campaign manager.

The Lnton Initiative is intended to be a pressure groop or catalyst, to counteract the bad image and re-inject life into the town. The models for the exercise are the "I love New York" campaign of the 1970s, and more recently the successful marketing of Glasgow through tbe "Glasgow, Miles Better" programme.

Mr Johnson realises that ha faces many problems if the Initiative is to emulate Glasgow's. One of the first things he did was to spend £50,000 on market research. Mori talked to five groups: borough residents, area residents, the general public, senior managers and developers. The results of the poll, which were released this week, make gloomy reading:

Among managers interviewed, only 9 per cent said they would consider moving to Luton, while 79 per cent said they were not interested in Lnton as a location. Among residents, 76 per cent said the town had a poor image because of its crime.

Mr Johnson points out that, in some ways, the image is more perceived than real. Police say that, of the 19,000 crimes last year, only a small percentage were serious or violent. Only 6 per cent tbese were against old people. Most were petty vandalism, or fights among young people. Tbere has been only one arrest at the Luton Town football ground in the three years since the club exclnded visiting snpporters, says Mr Johnson.

There may be sound commercial reasons for moving to Luton. The Capability Green industrial park – for service and commercial companies, rather than manufacturing concerns – on the old Luton Hoo estate is very attractive. Its 1m square feet of space is full at the moment; but, with rents of under £20 a square foot, it compares favourably with London.

Communications are good, with the M1 close and the airport just ontside the town. Wage rates are favourahle, and Mr Johnson reckons that residential property is at least 16 per cent cheaper than in London. Any company that did decide to move to Luton – which particularly wants service companies – ought not to find it difficult to attract staff. Many commnters, for example, might prefer to work nearer home.

In the end, though, success in attracting new employers is likely to depend on an improvement in image. Luton also faces a problem in its reputation as "a little hit of the north in the sonth" – it attracts little pnblic money, either to develop the infrastructure or to spend on incentives. Not being a new town, it does not have development status of any kind.

The Conservative-controlled borough council supports the Initiative. Mr Johnson feels that not only will a better image depend on private-sector spending, but that the funds must be used to improve the centre of town. He believes he has persuaded British Rail to spend possibly more that £100m on a better station, with a rail link to the airport. He also wants to develop a cultural centre, where the old co-op building has stood empty for eight years. It would cost £30m, and inclnde a theatre and art gallery.

He talks of a £50m leisure centre, with a pool and a bowling alley. And, last but not least, would like to give the Arndale Centre a facelift – the shopping complex, in the middle of the town, must be one of the least inspiring in the south of England.

Might the Arndale Centre benefit from a facelift? Even people who live in Luton dislike the town, says a local politician

KEY FACTS

☐ The county has an area of 123,461 hectares. It contains the areas of North Bedfordshire and Luton boroughs; and the Mid Bedfordshire and South Bedfordshire districts. There are five parliamentary constituencies: Luton South, Mid Bedfordshire, North Bedfordshire, North Luton and South West Bedfordshire

POPULATION (1988):

North Bedfordshire	136,500 (1986-88 +1.0 per cent)
Mid Bedfordshire	114,600 (+3.7 per cent)
South Bedfordshire	111,500 (+2.3 per cent)
Luton	167,600 (+0.8 per cent)
County	530,700 (+0.9 per cent)

South East (+0.5 per cent); England & Wales (+0.6)

Projected population (1997): North Beds 150,600 (+11 per cent, 1987-97); Mid Beds 116,100 (+4 per cent); South Beds 113,600 (+4 per cent); Luton 193,800 (+18 per cent); County: 574,100 (+9 per cent)

Birth-rate, per 1,000 population (1988):

North Bedfordshire	13.6
Mid Bedfordshire	14.2
South Bedfordshire	14.7
Luton	19.4
County	15.8

South East 14.2; England & Wales 13.8

Death-rate (1988):

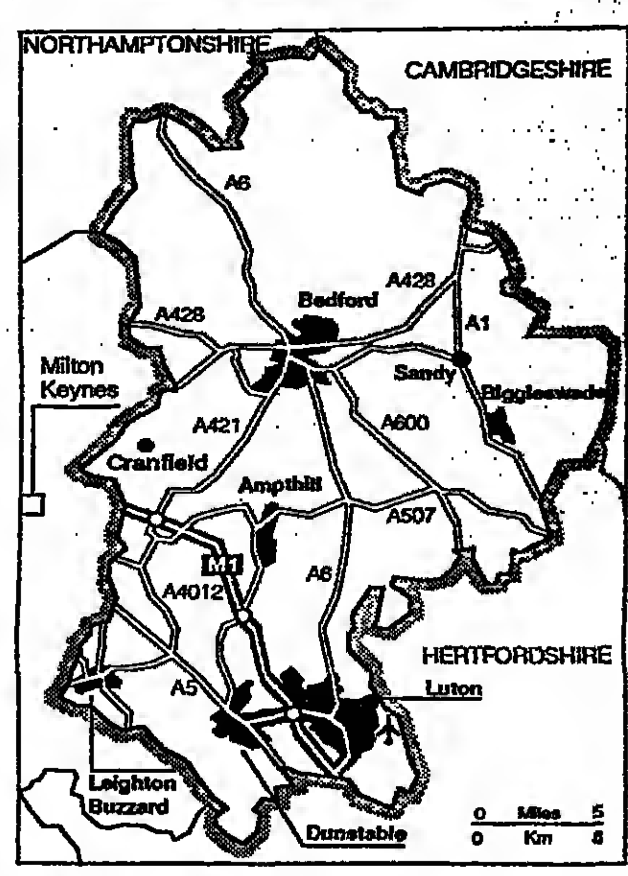
North Bedfordshire	9.2
Mid Bedfordshire	9.8
South Bedfordshire	8.2
Luton	8.9

South East 10.6; 11.3

Lifestyle types 1988 (%)

	Bedford	Luton	Dunstable	UK
Affluent minority	13.4	3.4	1.1	8.9
Metro singles	5.8	1.4	1.5	3.5
Young married suburbans	13.6	8.0	14.7	9.8
Country & retiring suburbans	1.2	1.0	0.5	8.6
Older suburbans	8.0	7.8	4.9	8.2
Aspiring blue & white collar	12.5	28.4	38.3	16.1
Multi-ethnic areas	18.1	15.9	3.1	7.2
Fading industrial	8.4	9.9	4.9	10.4
Council tenants	12.1	10.0	18.0	15.8
The underprivileged	8.3	14.1	12.8	10.8
Unclassified	0.5	0.1	0.0	0.7
Prosperity index (scale A-Z)	J	R	P	-

Source: Credit and Data Marketing Services/Town Focus

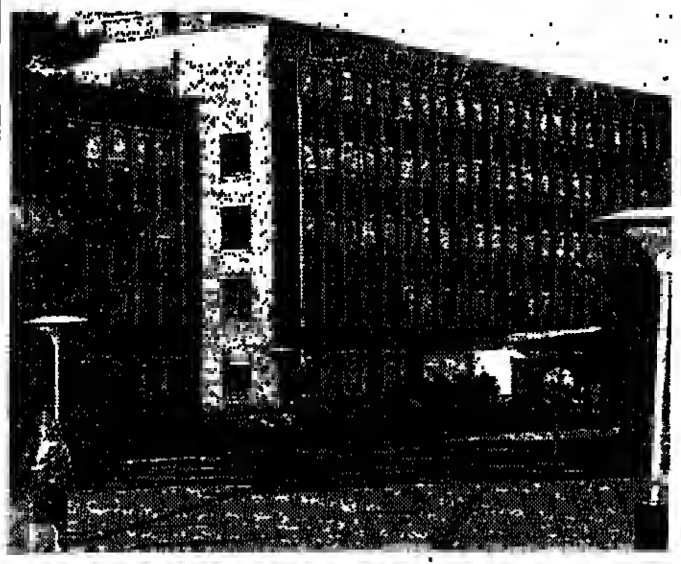


INDUSTRIAL ESTATES (1988):
Estates surveyed 132; floorspace 1.8m square metres; vacant floorspace 98,046 square metres; units 2,664; vacant units 157; vacancy rate 5.8 per cent; units vacant for over a year 48. Major business activities: manufacturer of metal goods, engineering and vehicla industries; miscellaneous manufacturing industries; distribution and repair.

AIRPORT: Luton Airport, Luton, Beds LU2 9LY, 1.5 miles east of Luton, operated by the local council. Operational 24 hours; customs 24 hours. Resident airlines: Britannia Airways; Monarch Airlines. Scheduled: Ryanair; British Midland; Netharlines; Virgin Atlantic.

LOCAL AUTHORITY ADDRESSES
Bedfordshire County Council, County Hall, Bedford MK42 9AP. *Tel 0234 63222* (Economic Planning Unit *0234 228060*).
North Bedfordshire Borough Council, Town Hall, Bedford MK40 1SJ. *Tel 0234 67422.*
Mid Bedfordshire District Council, The Limes, 12 Dunstable Street, Ampthill, Bedfordshire MK45 2JU. *Tel 0525 402051.*
South Bedfordshire District Council, 76 High Street North, Dunstable LU6 1LF. *Tal 0582 472222.*
Luton Borough Council, Town Hall, Luton LU1 2BQ. *Tel 0582 31291.*

SOURCES: Bedfordshire County Planning Department; The Municipal Year Book; Flight International Directory



Granada is among the service companies in Bedford

THE COUNTY TOWN

In service with a difference

BEDFORD is an attractive riverside market town, which ought to be a pleasant locality. But it has ona big drawback: the A6 runs soutb-north through parts of it, and the A428 runs west to east.

So there is a hardly a time of day when there is not a considerable flow of goods traffic through the town. In the peak evening and morning hours, there is severe congestion.

In 1985, the Department of Transport presented proposals for a by-pass. The "outer southern" section received widespread support. However, the "inner western" ronte caused concern, because of the likely impact on local communities and questions of the route's effectiveness in reducing through-traffic.

Bedfordshire County Council, along with the North Bedfordshire Borough Council, has drawn up alternative routes for the western section, which would throw the main by-pass farther out to the west and entail city-centre improvements. The local anthorities have been waging a campaign to persuade the Department of Transport to accept their alternative proposals; and officials at county level are confident that, at the end of the day, their version will be accepted. If the town is freed from congestion, its attractions will be enhanced.

Bedford remained a market town for most of the 19th century. Like Luton, it began to attract some industry after the spread of the railways, but it did not develop as a fully-fledged manufacturing centre. Instead, it became a rather specialised service town. By 1873, it was said that "education is Bedford's business" – a legacy of Sir William Harpur, who had established an educational trust in 1561. This led to the foundation of two girls' schools and two boys' schools, which have lasted down the years.

In the 19th century, a cross-section of the wealthy from the British Empire, particularly India, sent their children to these schools. Many of them bought or built houses in the area, to be near the children during holidays, or for retirement. These people, known as "squatters", wanted servants, and these came from the surrounding areas, so that, by the turn of the century, 11 per cent of Bedford' working population was in service.

Today, much of the population of 90,000 is in service of a different kind. With the public schools, the state schools, the college of further education and the Cranfield Institute of Technology, Bedford remains an education centre. It is also the county town, and therefore an administrative hub. A number of service companies, including Granada Group, the TV rental concern, have operations in Bedford; and there is an extensive shopping area in a town centre that is partly pedestrianised.

It does, however, also have industry. Texas Instruments, which makes semiconductors, and which with 1,100 on its payroll probably tha town's largest mannfacturing employer, has been in Bedford for 18 years. The National Freight Consortium relocated to Bedford more recently.

The county and borough councils have been trying to attract more companies, both manufacturing and service, to Bedford. Because it is part of the South East and is not a new town, it cannot offer financial incentives. But it has other selling points, including good communications, close to the M1 and A1 trunk routes. The A428 links up with the A45 and the east coast ports. Luton Airport is half an hour away, and London 40 minutes by rail.

Because Bedford has tended to be overshadowed by places like Milton Keynes as a relocation venue, land is probably cheaper. The county council's Woburn Road site is virtually full now; although, according to Terry Hughes, of Bedford's Economic Development Unit, more than 100 acres of land designated for industrial use should become available soon. He would expect this to sell for between £300,000 and £500,000 an acre, which is probably cheaper than a prime site in, say, Cambridge.

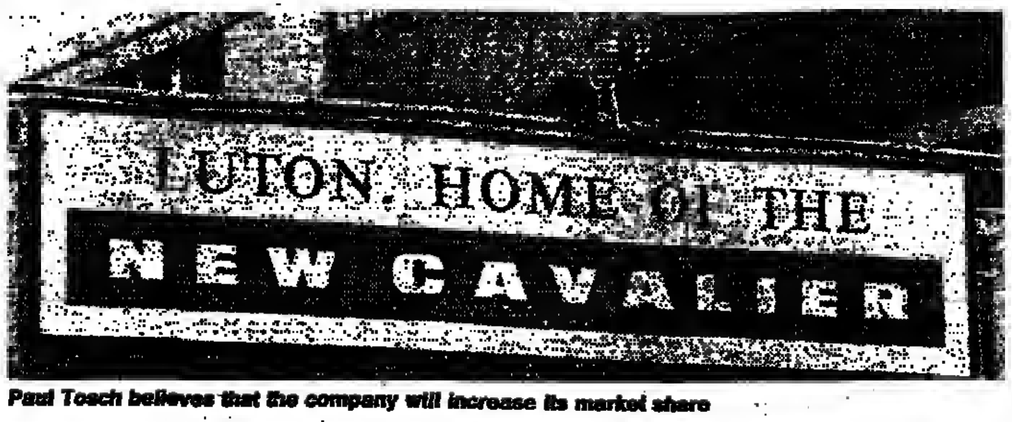
Bedford should not suffer the shortages of labour (particnlarly skilled labour) being experienced elsewhere. Nor does it look as if the "demographic time-bomb" of a drop in the number of young people coming on to the labour market will effect the town, because it expects more than the average number of school-leavers. Many commnters to London might also be persuaded to work closer to home.

As a place to live, Bedford is physically attractive, partly because the River Great Ouse runs through it. There is a good library, a museum, and property is a little cheaper than the average for the South East, with a detached four-bedroomed house selling for between £100,000 and £130,000.

The council plans to develop further the centre of the town, with a multiplex cinema and another swimming complex.

An unusual feature is the large number of people of Italian descent – the result of a migration to work in the local brick industry, before and after the second world war. A legacy of this movement is that Bedford has more than the average number of Italian restaurants, many of which can be recommended – provided you can find a place to park.

Stewart Dalby



Paul Tosch believes that the company will increase its market share

INDUSTRY

Vauxhall accelerates

BEDFORDSHIRE missed out on Britain's first industrial revolution in the 19th century, largely because it was too far from the coalfields.

By 1870, straw-plaiting was the staple domestic industry in Luton and Dunstable. In 1869, the opening of the Suez Canal brought imports of cheaper plait from China and Japan. This stimulated the hat industry, but killed off domestic plaiting.

Bedford remained a market town with an agricultural hinterland for most of the century, though industrial development began in 1859 with the opening of the Britannia ironworks, which manufactured agricultural implements. Brick-making followed, but Bedford has not become an industrial centre in the way that Luton has.

With the coming of what might be termed the second industrial revolution, and with the spread of the railways, Luton began to develop chemical and engineering indnstries. Then something curious happened.

According to a history drawn up the County Planning Office in 1980, the joint enterprise of the town council and the chamber of commsrce, wbose secretary, Sir Thomas Keens, was also the town clerk, meant that Luton, early this century, became not just an industrial centre in the south, but the largest industrial centre. It remained so until the 1970s.

In 1900, Sir Thomas distributed a booklet entitled *Luton as an Industrial Centre.* This demoustrated that the local anthorities had laid on electricity, and had built many cheap houses, thereby attracting much cheap, transient labour: people came from Scotland and Ireland, to be followed later by others from the Caribbean and Pakistan. Because most of the jobs in the hat industry were for women, the policy was to concentrate on industries that employed mainly men.

Luton's policy of promoting itself vigorously as a place for industrial development was ahead of its time, and very unusnal for the south of England. But it was successful. In a 12-year period to 1910, five major industrial companies established themselves in the town: Laportes in 1898, Vauxhall (1905), Commer (1906), G.Kent (1907) and SKF (1910).

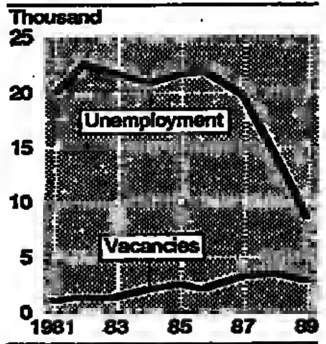
In the 1930s, during the world-wide recession, when other British industrial towns were suffering, unemployment in Lnton never rose above 2 per cent. By 1947, it was widely described as the most prosperons town in Britain.

But that was the high point. By the late 1970s, industry had gone into decline and unemployment had soared, as Luton counted the cost of reliance on a few old-style industrial companies.

The name which runs like a thread through the rise and fall of industrial Luton is that of Vauxhall Motors. Taken over by General Motors in 1925, by 1979 it employed 32,732 people in various plants around the country (probably just under 20,000 in Luton) and manufactured cars, trucks and vans. It was also deeply in the red, incurring a loss of £31.7m for that year.

After drastic reorganisation, Vauxhall now employs 5,400 at its Luton plant, and made profits of £152m last year. The transformation has not been just a question of improved labour productivity, however. Vauxhall is now an assembler of cars at its Luton plant. GM does retain an interest in a van-producing company, but Vauxhall is concerned exclnsively with the assembly of the Cavalier model. The only parts of the Cavalier that are made in Luton are the seat covers.

Unemployment & vacancies:county



Mr Paul Tosch, chairman and managing director of Vauxhall, says the Cavalier has been a great success, and ascribes the return to profitability in 1987 to three factors: improved industrial relations, good products and better profitability. The plant at Luton has been producing 35 units and hour, which should rise to 40 units an hour by the end of this year and to 45 units some time next year.

Mr Tosch says that, together with its Astra and imported models, GM now has 15 per cent of the British market, compared with 13.7 per cent in 1988. Although he expects overall car sales to drop by between 7 and 10 per cent in the next 12 months, he thinks Vauxhall will increase it market share. He hopes that the company, which is part of GM Europe, will be exporting Cavaliers by the end of 1990. And he does not discount the possibility of Vauxhall's again manufacturing car engines in Luton.

Like so many engineering concerns, Vauxhall has survived and prospered by no longer being a completely integrated operation. It bas improved its productivity dramatically, bnt narrowed its area of productive activities. For Luton and Bedfordshire, this kind of rationalisation has meant an end of dependence for jobs on a few large mannfacturing concerns. Lnton is now attempting to attract service companies, in order to provide jobs.

A good example of the way the county has managed to diversify its employment base into newer kinds of manufacturing can be found in Bedford. Atlas Converting Equipment established a factory at the Woburn Road estate, at Kempson outside Bedford, six years ago. The company makes advanced technology slitting and rewinding machinery.

Mr Tony Moody, the finance director, says Bedford was chosen because the skills the company needed were available, and there was good communications. The company did look at Stevenage, but found that labour rates and prices generally were higher. The local anthorities in Bedford were helpful — Woburn Road is a council industrial estate. The price for the land was reasonable, said Mr Moody.

The company, which employs 90 people at Kempson, has expanded rapidly. Turnover tripled to £22m in the four years, 1985 to 1988. Pre-tax profits more than tripled to £3.4m in the same period.

"I can think of no disadvantages to establishing in Bedford," says Mr Moody. "We have been able to acquire the skilled labour we need as we have expanded. As we export 85 per cent of our products, we need access to communications. Here, we are right on the motorway."

Mr Moody feels that Bedfordshire has been overshadowed by places like Milton Keynes when companies have looked to relocate. This has been to his own company's advantage, he feels. The availability of labour, particularly skilled labour, will decrease as more companies of the high-tech kind stop overlooking the county.

Stewart Dalby

PROPERTY

The county with great capabilities

WHEN PLANS were announced for Airport Way, linking Luton Airport to the M1, Nicholas Phillips, of Lnton Hoo, realised that 85 acres of his 4,000-acre estate was going to be cut off from the rest.

He went to see David Fletcher, of Fletcher King, the London estate agents, to discuss what might be done with it.

They decided on a business park. At the time, for Luton, it was a fairly brave move, says John Macleod, of Fletcher King.

But the result is Bedfordshire's biggest current development, Capability Green. The name may sound bijou, but it reflects an ambition to continue where Capability Brown, who created Luton Hoo's landscape, left off. The master architect is an American, Bruce Gilbreth.

Buildings are already occupied by Nacanco and Barclays Bank. Anritsu, a Japanese electronics firm, has built its own. In a fourth building, a 13,000sq ft unit has been let to BICC at £17.50 a square foot. The retail and business centre and two more office buildings, one pre let to Scholl, will be complete in March.

Investment totalling £1.6bn is expected in Luton over the next five years, says Terry Johnson, of the Luton Initiative, just launched by local companies and the council, who were anxious that the town was too dependent on Vauxhall Motors and had a dowdy image.

Mr Johnson, formerly head of communications at the National Economic Development Office, comments: "We are talking to British Rail about building a completely new station with offices above it, as at Watford and Milton Keynes. We are looking to build a cultural centre in the centre of Luton, on the four-acre old Co-op site. We are also looking to the redevelopment of the Arndale Centre, owned by the Prudential."

Sheila Harrison, of Holmes estates agents, currently seeking tenants for a 32,000sq ft building in central Luton, built by Dixons Commercial Properties, says that, in the past, the town simply catered for its own office needs. Now, with Watford rents at £30 a square foot compared, with Lnton's current £13, London firms are filtering further out.

On the industrial front, Sheila Harrison says that new space is fetching £6.50 a square foot, against £3.50 to £4 two years ago. In north Luton, Dencora is putting in roads for some large industrial units.

Tarmac's Portenway development, close to the M1 is 20-30 per cent office space: Strutt and Parker are quoting rents of £7 and £7.50.

For retail development, Burton Property has bought 15 acres of surplus land from General Motors (Vauxhall).

Terry Johnson, of the Luton Initiative, expects investment totalling £1.6bn in the town

Bedford, 10 miles or more from the M1 and A1, is more reliant on local developers. Simkel is to build offices on the Granada cinema site. SDC Builders has the steelwork up for a 14,500sq ft office building in the town centre. "We have targeted £12, not too heavy a rent," says Dave Ledsom, of SDC.

He feels they have found a gap in the market. We completed a very successful scheme 12 months ago, the restoration and extension of a Georgian building in Bromham Road. It is let to the National Westminster Bank as a regional headquarters.

SDC is also building 14 industrial units on Woburn Road, and has sold five at £65 a square foot. Also building or planning to build at Bedford are: Wimpey, Mucklows, Sheraton Securities, Dares Estates and the St Martin's Property Corporation.

Roy Douglas, of Douglas and Co, estate agents, says he has jost done three deals in which industrial land has been sold for £500,000 an acre. In 18 months, rents for a 10,000 square foot building are up from £3 to £5.50 to £6. At Biggleswade and Sandy, close to the A1, they are similar.

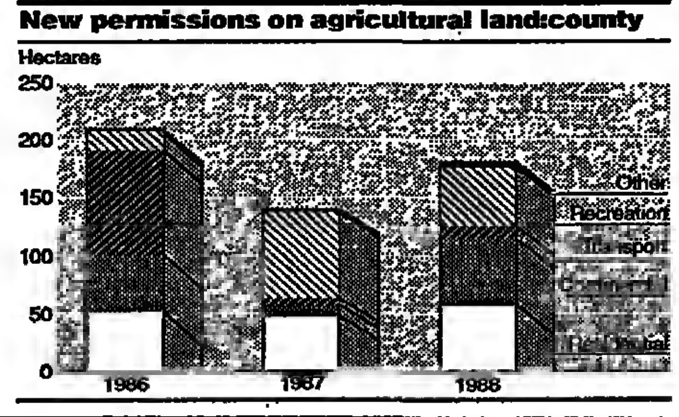
Industries setting up in Bedford are mainly services. "We don't particularly attract high tech, computer firms."

On the office side, "we have become quite popular because rents are cheaper than elsewhere in the South East. They are nudging towards £10 a square foot, while Peterborough is £14 or £15."

While commercial property forges ahead in Bedfordshire, housing is different. Russell Taylor, of estate agents William H.Brown, says they are offering a modern, two-bedroom terrace house in Bedford at £49,950. Eighteen months ago, it would have fetched £65,000.

Tim Palmer, of Holmes, at Luton says that some couples who bought last year to take advantage of double tax relief are now under a lot of pressure from interest rates. "Some are splitting up and handing their keys to the building societies. The value of their houses is now less than the outstanding loans."

New permissions on agricultural land:county



Mr Palmer estimates the current price of a modern three-bedroom semi-detached house in Luton at between £74,000 and £78,000. Estate agents at Bedford put a similar house at £65,000 to £78,000, according to area.

Mr Taylor believes that newspapers have gone too far in seeing the housing market as doom and gloom. Although mortgage rates are higher, prices are down: so a buyer will not necessarily be paying more per month. First-time buyers, he says, are now getting bargains.

He also points out that someone moving or leaving the family home has to be in the market for somewhere to live. However, renting has become popular, and people who cannot sell their houses are letting them instead. A two-bedroom flat to rent in Bedford would be £300 a month, while the cost of buying it on mortgage could be £500-£600.

Nick Kier, of Holmes, says that first-time buyers are the liveliest part of the market. Apart from them, the demand has been met by people who must sell, whatever the discount: hence the fall in prices. A Bedford building site, for which there was once an offer of £6m, has just been sold for £2.9m. A drop in house prices has an even greater effect on land prices, because slower house sales mean higher interest charges.

Mr Kier argues that, whatever is happening now, prices are going to rise. The population of the Bedford area is forecast to go up 5,000 by 1992. A new beachpool, six-screen cinema and night club are planned. And, on the new trains, London is under 35 minutes away.

Several major builders have sites in Bedfordshire. Mike Davies, marketing manager for Beazer, says that builders have slowed down but are managing to sell the houses they have completed. People arrive on the site looking for a good deal, and the development market is trying to provide it. The market-place has improved slightly and we expect an uplift early next year.

"If this happens, we will be short of stock, so we are now looking to what we need to have coming out of the ground in January-February. We have brought forward the second phase of our site at Marston Moretaine, near Bedford. The first batch of 200 brochures for it was used up over a week-end."

David Spark

COMMUNICATIONS: **David Spark** on the impact of the ports and Milton Keynes

New links will flow to east and west

BEDFORDSHIRE is a county which thought it needed better north-south communications, and then found the problem had switched to east-west.

With the A1 and M1, on the county's flanks, taking traffic between the London area and the north, a mere 1,100 vehicles a day travel through Bedford on the A6. But the flow on the east-west axis is nearing 30,000 a day as Midlands traffic heads to and from the ports.

The building of Milton Keynes has also had an impact. Milton Keynes traffic crosses Bedfordshire to reach both the ports and the A1.

Tony Brown, the County Surveyor, says it has been hard for the normal procedures of road planning to react to such a tremendous change in traffic orientation.

However, the Department of Transport has now published orders for a southern by pass for Bedford, largely across farmland. A public inquiry into the new dual carriageway is likely early next year. The plan is to link the A428, on the east side of Bedford, to the A421 in the south-west, which leads from Bedford to the M1 and which will become a trunk road.

Only at the ends of the new road will there be roundabouts. The junctions between them will be as on motorways.

What will still be needed is a new road linking the A421 to the westbound A428, to complete the semi-circle. The Department of Transport wanted a route close to the city centre, envisaged originally as a relief road for north-south traffic. The county council wanted a route further out. "We were at daggers-drawn until recently, when the two sides agreed to hold discussions," says Mr Brown.

In its white paper, Roads for Prosperity, the Department of Transport also promised to look at the A428 between Bedford and Northampton, and between Bedford and the A1. (The white paper also proposes making the M1 four-lane in Bedfordshire, and converting the A1 into a three-lane motorway.)

To ease traffic jams in central Bedford, where the A6 is the only major road crossing the Great Ouse, the county council is proposing to widen Prebend Street Bridge, and to use disused railway land to improve the roads north and south of it.

In mid-Bedfordshire, the east-west, single-carriageway A507, linking M1 and A1, is already being improved. By-passes of Ampthill, Maulden and Clophill are finished, and those of Shefford, Clifton and Henlow will open next year.

Farther south, the county council has invested £1m to speed the building of a new road crossing Bedfordshire along the north side of Luton. The £1m covers the preparatory costs of the first section, a southern by-pass for Leighton Buzzard and Linslade where, says Mr Brown, "there is tremendous traffic congestion. The whole place seizes up."

The Department of Transport will start building the by-pass in March.

At Luton itself, the county council has just built a relief road to Dunstable. Luton has an inner ring road on its west side. The council plans another short section, to make it easier for traffic to go round the east side, too.

To ease traffic jams in central Bedford, where the A6 crosses the Great Ouse, the county council is proposing to widen Prebend Street Bridge

On the A5 between Bedford and Luton, the final village by pass, of Barton-le-Clay, is now being built.

Along its roads, Bedfordshire retains 95 per cent of the bus services it had before buses were deregulated. On the London-Peterborough railway, the county council paid towards the re-opening of Arlesey station, in October last year, after 25 years. It has also agreed to pay towards re-opening the passenger service between Luton and its neighbour, Dunstable.

The story of Bedfordshire railways is dramatic, with new electric trains bringing big increases in the number of passengers travelling into London, not just from Bedford and Luton but also from Biggleswade and Sandy.

From next May, Luton will have a train into London every 10 minutes. This is because, in addition to the Bedford/Luton/Gatwick/Brighton service (through the King's Cross-Blackfriars tunnel), there will also be trains from Luton to Sevenoaks and Guildford. On April 23, a new London station opens between King's Cross and Blackfriars. It is called St Paul's and replaces Holborn.

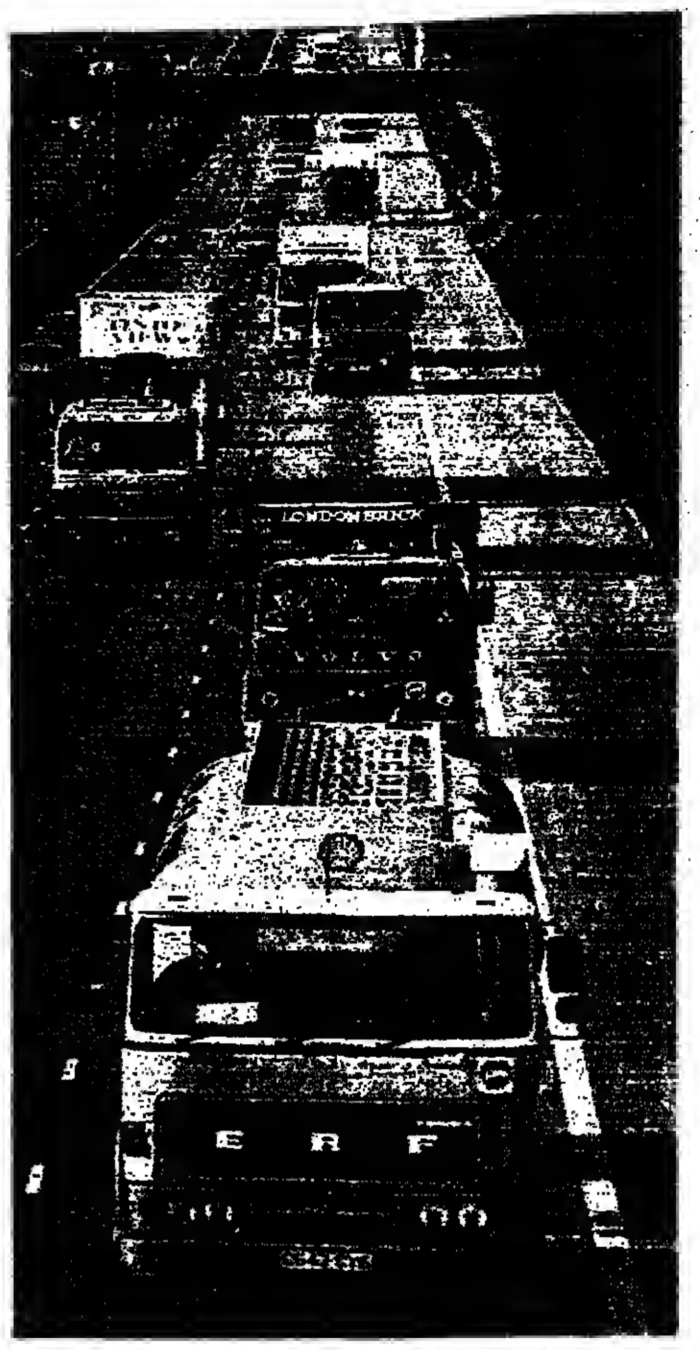
Chris Gibbard, the route manager, says that he now has 60 Thameslink trains, with 26 to be built for the new services.

Passenger traffic is up 10 per cent in a year on the Bedford-London service. Bedford now handles 34,000 passenger journeys a week (return tickets count double) and Luton 43,000.

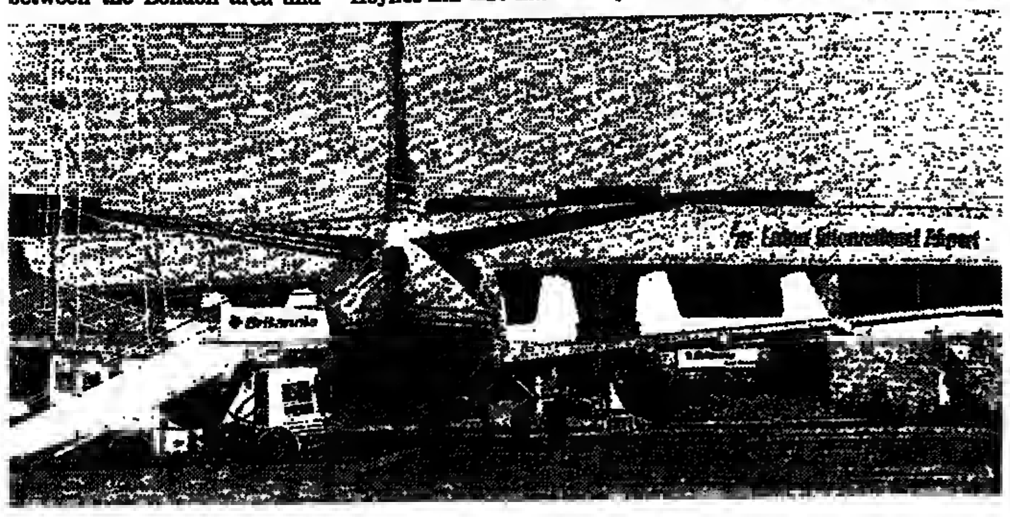
The Hitchin-Huntingdon section of the London-Peterborough line was electrified two years ago, and saw an increase in passengers of between 20 and 25 per cent a year, which has now levelled off. In the year to last April, Biggleswade recorded 375,000 passenger journeys and Sandy 175,000.

Julian Crow, the route manager, says that Arlesey had 87,000, though it re-opened only the previous October. There are already plans to extend its car park.

Arlesey serves new housing areas near the A1 for which neither Letchworth (difficult car-parking) nor Hitchin (on the wrong side of the town) is convenient.



The M1 was opened 30 years ago this month: a white paper proposes that it should be four lanes through Bedfordshire



The airport plans for 5m

LUTON Airport, which celebrated its golden jubilee and showed a £2.6m profit before tax last year, is planning for 5m passengers a year by the mid-1990s.

The airport director, David Bates, who was formerly assistant borough treasurer, comments: "They built the M1 one and a half miles away, and that opened the door to the airport."

The number of passengers fell to 1.6m in the recession, but has nearly doubled to 3m over the last three years.

□

Two-thirds travel on inclusive tours, one third on scheduled services. Most of the scheduled passengers travel between Luton and the Republic of Ireland.

Luton is the home base for Monarch, a major tour airline with scheduled services to Malta, Malaga and the Canary Islands. Monarch is just completing a new building, including a simulator to train pilots for the Boeing 757.

□

TNT has also set up its UK base at Luton, helping to double the cargo handled this year.

Increasing traffic means extending the terminal and building a new control-tower. A new cargo centre is also to be built, and the construction of a terminal for domestic flights is about to begin.

The Luton International Airport company is wholly owned by the town council, but this could change. County Natwest has been asked to advise on raising new capital to carry out the development plans.

David Spark

EDUCATION: in a county renowned for its good schools, changes in the system mean . . .

Intensive training for heads and teachers

THE 300 state schools of Bedfordshire, with 84,000 pupils, are going through an exciting period of change.

GCSE, which has helped to increase the proportion of pupils staying on into the sixth form, is in place. The national curriculum is being introduced. So is local management of schools, which gives heads and governors a budget to meet their schools' running costs independently. And soon to come are national tests of what pupils can do as they progress through the schools.

All this means an elaborate programme of training, for heads, deputies and classroom teachers. The county's brochure of management courses runs to 70 pages, that of courses for teachers to 140.

One reform not in prospect is that of A-level, which at present allows only about a seventh of the school population to qualify for degree courses. David Wadsworth, Bedfordshire's chief education officer, wonders whether it is a suitable exam for the keen confident, youngsters now entering sixth forms.

Among people grappling with new problems and opportunities is John Francombe, head of Sandy Upper School since it opened in 1974. The school serves the market-gardening, light-industrial London overspill and commuter population of north-east Bedfordshire, and has 900 pupils aged 13 to 18. They range from high fliers (two got into Oxford this year) to students struggling with the basics. About half the 16-year-olds have stayed on this year into the sixth form.

Mr Francombe's deputy, Ian Atkinson, is running a scheme to help teachers develop their skills. "We have a very large number of dedicated, caring teachers, who have excellent contact with pupils," says Mr Francombe. "We are concerned to meet individual needs and to understand youngsters. But we are not frightened to take people to task where things are wrong."

From next April, the school will run its own budget, including payment to teachers. "I like the principle of local decision-making. But, as things stand, we shall be £22,000 a year worse off."

This is because the Government formula gives schools an average sum per teacher, but Sandy Upper School has a higher than average number of experienced, and therefore higher-paid, staff. "Is educational experience to be seen as a financial burden?" asks Mr Francombe.

He is also concerned about the work-load while he, senior colleagues and support staff learn to operate the computerised accounts. Will he have to give up teaching economics in the sixth form?

One Bedfordshire state school head is already running his own budget. He is Keith Barker, of Queensbury School, Dunstable. It faced closure, because the Dunstable area has about 1,000 surplus upper-school places; but, with a lot of backing from the town, it opted out of county control.

Dr Barker says: "We have just got our administration system running. We have not hit any major snags."

Queensbury's budget from the Government covers not only its running costs but also other costs still met elsewhere by the county. "That gives us a financial freedom other heads will not have." He can still send teachers to county courses by paying for them.

Queensbury adds one more to Bedfordshire's impressive list of independent schools. These are mainly in Bedford itself. "Socially, they dominate the town," said a professional man.

In the 16th century, a Lord Mayor of London, Sir William Harpur, gave Bedford 13 acres (now reduced to six) in Holborn, London. Today, the Harpur Trust which administers his gift runs four schools with associated junior schools: Bedford and Bedford Modern for boys, Bedford High and Dame Alice Harpur for girls. Most pupils are day, though they may travel 25 miles – Bedford Modern, with 1,200, runs up to 25 bus services; but Bedford School has 40 per cent boarders.

Bedford Modern was rebuilt north of the town 15 years ago, and has just filled what the head, Peter Squire, saw as a gap by opening a new technology centre. For a day-boy, a year in the upper school costs £2,736; but, for boys who win entry, Harpur money helps towards fees, if necessary.

A Bedford initiative is giving boys and girls from 25 independent schools new opportunities to visit industrial companies, and to meet people who work in them. The Schools Industry Liaison Committee was launched by Tim Allerton, head of Bedford School's Lower School.

Bedfordshire is part of the South East and worries about the effect of housing costs on the willingness of teachers to work there. At Sandy, Mr Francombe said getting good teachers was a major worry and that he would like higher disturbance allowances for incomers.

Mr Wadsworth, the chief education officer, comments: "Last summer we managed to get a teacher in front of every class, but there were signs that in future we are going to struggle."

Teaching needed to be made attractive. "We are asking teachers to do all this developmental work at a time when, nationally, we have not been particularly sympathetic to their salary claims, and when we have not been particularly good at saying what a good job they are doing."

It was no good councils competing for newly qualified teachers with golden hellos, said Mr Wadsworth. "We have to find, from our own communities, graduates and people already qualified who might go in for teaching if we can project it in the right light."

Bedford College of Higher Education is already pursuing this sort of policy. Local mature students make up 60 per cent of those training there to be primary teachers. The college has also launched access courses, to enable people without the necessary GCEs to train. Of 17 people on this year's access course for primary teachers, eight are from ethnic minorities.

'I like the principle of local decision-making. But, as things stand, we shall be £22,000 a year worse off'

Meanwhile, says Dr Phillip Mansell, the director, the college is rushed off its feet, helping teachers in Bedfordshire and neighbouring counties to learn about the national curriculum.

David Spark

BEDFORDSHIRE houses two of the main campuses of one of Britain's more unusual universities – the Cranfield Institute of Technology, which stands apart from other universities for a host of reasons.

First, it is largely a postgraduate institution: students completing higher degrees outnumber undergraduates by more than two-to-one. Second, partly as a result of its concentration on older students, it is unusually close to the world of work.

Third, as if to underline its uniqueness, it is almost alone in being funded directly by the Department of Education and Science, rather than by the Universities Funding Council.

Cranfield grew out of the College of Aeronautics, set up in 1946 to provide trained personnel for the aircraft industry. The aeronautics school, complete with its own airfield, is still one of the main departments of the Cranfield campus (one of the institute's three campuses). This is centred on a former Royal Air Force establishment and close to the towns of Bedford, Milton Keynes and Luton.

A royal charter giving Cranfield university status followed in 1969, while the institute expanded in 1975 to take over Silsoe College (formerly the National College of Agricultural Engineering). This is situated on the institute's second Bedfordshire campus, about 14 miles from Cranfield.

The final major step in the institute's evolution occurred in 1984 when it assumed, from the Ministry of Defence, responsibility for the academic teaching and research of the Royal Military College of Science at Shrivenham in Wiltshire.

Some 500 undergraduates and 1,200 post-graduates now study at the institute at any one time, supplemented by 200 people on Army staff courses and some 12,000 students a year on short courses linked to their work.

The Cranfield campus itself has a more varied range of courses than Silsoe or Shrivenham. Entirely post-graduate, it lays on a large number of engineering courses, ranging from industrial robotics through to aerospace vehicle design, as well as management studies in its school of management.

About half the students on its post-graduate courses are sponsored by their employers, while the remainder are typically looking for a career change – a move from engineering into design, for example. Most of the students, drawn from the whole of the UK and many overseas countries, live either in Cranfield's own accommodation or in the surrounding towns.

This mature, work-orientated student population helps to explain both the close contact between employers and Cranfield, and why Cranfield graduates are in high demand in the outside world. More than 1,000 employers are in regular contact with Cranfield, helping to supply projects drawn from real life for its post-graduate students.

Cranfield's research activities are heavily concentrated on applications for industry. This focus has allowed it to build up a broad portfolio of research contracts with industry, with only 10 per cent of its £20m annual research income coming from the Government's research councils.

Together with its fee income – some of its engineering courses cost more than £10,000 a year – this has resulted in a steady reduction of Cranfield's reliance on Department of Education and Science funding. The DES now provides only about 14 per cent of Cranfield's total needs.

This diversification of its sources of funding makes the institute a model for the direction in which the Government wants the whole university sector to move – so much so that Lord Chilver, Cranfield's most recent vice-chancellor, was chosen by ministers to chair the Universities Funding Council, the new body responsible for channelling government money to the universities.

Preparing an impact test, at Cranfield

Brian Hunt

CRANFIELD

Research reduces state dependence

Dr Frank Hartley, Lord Chilver's successor, moved into the vice-chancellor's seat only in April, but he already has his priorities worked out.

He wants to expand Cranfield's work in biotechnology and the applied sciences, building on its existing expertise in areas like materials and electro-optics. He also expects a large increase in Cranfield's provision of short courses for employees, pointing to changes he detects in employers' attitudes to releasing key staff.

Dr Hartley argues that, in the the past, companies have been prepared to release people for programmes like the MBA for a whole year, but now they prefer to release them for much shorter periods – a week or two weeks – though maybe over an extended timescale. "We are at a watershed in post-graduate study," he says.

David Thomas

60 TO 0 IN 3 SECONDS. IS THERE NO STOPPING PORSCHE ENGINEERS?

Imagine for a moment that you are hurtling down the Mulsanne straight at Le Mans in a Porscbe 962, at a speed approaching 240 mph.

(Depending on your disposition, this is either a dream come true or a nightmare.)

At the end of the 6 kilometre straight is a sharp and bumpy right-hander, which is coming at you with the speed of a door slamming you in the face.

Your fate, as you approach the infamous corner, is no longer in your hands.

It rests with some rather academic-looking men miles away in Germany.

At the Porsche Research and Development Centre in Weissach, to be precise.

In what seems like a split second, the car's speed has been reduced from 240 mph to 50 mph.

Suddenly, you have rounded the corner with consummate ease and accelerated into the night.

3.7 minutes later, you will repeat the whole episode. If you finish Le Mans (which Porsches usually do) you will complete the exercise over 350 times during the twenty-four gruelling bours of the race.

And as you bathe in the glory of yet another success, those Porsche engineers from Weissach will have already begun the painstaking process of examining every component of the car.

Most importantly, the brakes.

For with the ability to produce the awesome power of a Porsche goes the responsibility of harnessing it safely.

Which is particularly true of the Porsche in our picture, the 944 Turbo.

Its 2.5-litre, 250 bhp engine makes it one of the most powerful production cars of its kind ever built.

It is quite capable of reaching 161 mph, accelerating from 0 to 60 mph in 5.6 seconds* in the process.

In fact, such is the respect afforded the engine by Porsche engineers, it has a braking system derived from Porsche's racing prototypes.

Thus to restrain the 944 Turbo, four piston fixed caliper disc brakes are fitted to all four wheels as part of a hydraulic, front to rear dual circuit system.

(If that sounds highly sophisticated, rest assured; it is.)

Naturally, though, Porsche engineers didn't stop there.

The Turbo has a specially developed ABS system which can increase, bold or reduce braking pressure depending on how much each tyre is in contact with the road.

So that if, for instance, an animal appears in your headlights while driving on a motorway at night, you can 'floor' the brake pedal without fear of skidding, even in the wet.

And because brakes become less efficient at very high temperatures, the Turbo's body design incorporates inlets in the nose section which 'ram' cooling air at them.

Stopping a Porsche safely, however, is not left solely to the hrakes.

To create a hetter halanced, more stable car, our good engineers decided to hreak with tradition and mount the gearhox in the rear. Known as the Transaxle drive line system, it gives the Turho virtually perfect weight distribution.

The power steering is also involved.

Unlike other systems which simply make the steering feel artificially light, Porsche power assistance adjusts the amount of power you receive to how much the car actually needs, giving you complete control at all times.

To make sure the driver doesn't feel left out of this engineering tour de force, a sophisticated electronic dashhoard information system keeps you in touch with all the engine's primary functions.

944 TURBO

Of course, helping you control your Porsche is only one of the joys of being a Porsche engineer.

Talk to them about the smoothness of the Turho's engine and they will wax lyrical about the lack of vihration courtesy of the dual balancer shafts.

Approach them on the suhject of its performance and they will give you chapter and verse on the racing pedigree of the engine and the fact that even the catalytic converter does not affect the enormous power output.

Casually enquire about the stability of the Turbo and they will bend your ear concerning the new rear spoiler, the low profile tyres, the limited slip differential and the famous 'ground effect' technology, which uses air flow under the car to reduce lift at high speeds.

Indeed, give them a chance and Porsche engineers will go on for hours about their job.

Which is only to be expected.

After all, for years they have designed cars that have served as examples of technical excellence to every car maker in the world.

The 944 Turbo is but one example. The 911 Carrera 4 all-wheel drive is another. The 5-speed 928 GT, yet another.

Is there no stopping Porsche engineers? What do you think?

To see a 944 Turho stopped in its tracks, contact your local Official Porsche Centre listed in Yellow Pages.

For further information on the 944 Turbo, Diplomatic Sales or tax exempt personal exports, contact Customer Relations, Porsche Cars Great Britain, Freepost, Reading RG1 1BR. Tel: 0734 323959. Fax: 0734 303713. Telex: 846465. Porsche 944 Turbo price at 1st September 1989 £39,893. *Car Magazine.

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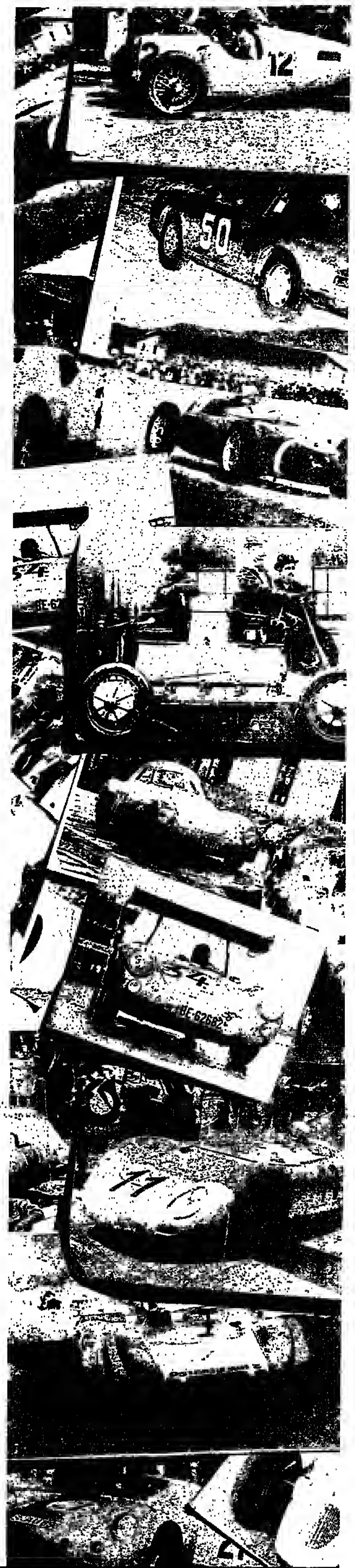
PORSCHE

DRIVING IN ITS PUREST FORM



TECHNOLOGY

Della Bradshaw explains how Russia is looking to the West for joint ventures and hard currency

Soviet software's great revolution

Talented software writers can command premium salaries and conditions wherever they work. In the Soviet Union they are looking for one particular perk: salaries in hard currency rather than in roubles.

"To motivate the people you want to work for you, you have to give them the goodies," says Richard Handyside, managing director of Autodesk UK, part of the US computer-aided design company. "The top programmer is not going to work for a western company just for roubles. What can they spend them on?"

The moves by Russian software experts to write programs for export to the West are being blessed by the Soviet authorities. They believe it will bring foreign currencies into the country and allow the Soviet Union to trade on equal terms with Europe and the US. "It's hard to trade equally if all you have to offer in return is low quality light bulbs, timber or stones from Russian quarries," says Handyside.

Payment of Soviet citizens in foreign currency – particularly bonuses for completing work to schedule – is also seen as a way to motivate individuals and change Soviet working practice. Vitaliy Boyko, head of the "electronisation" (the application of electronics) department at the State Committee of Science and Technology, describes these programmers as "the future" of the Soviet Union.

To sell Russian software overseas, and to bring urgently needed western software packages into the Soviet Union, the authorities are pinning their hopes on joint ventures set up between US or European software houses and Soviet ones.

Autodesk, for example, has set up a joint venture with the co-operative Infograf, called Parallel. Software house Ashton-Tate is also setting up a venture in Leningrad with the Institute of Informatics and Automation, part of the Academy of Sciences.

But for these joint ventures to flourish, some ingrained Soviet business practices have to be stamped out. In particular the Russians' failure to uphold commercial copyright. Software piracy, heavily frowned upon in the West, is endemic in the Soviet Union. Some people, such as Boyko, believe the problem is a hangover from the days when everything was communal property.

Others, such as Bruce Marquart, business development manager in Europe for Ashton-Tate, believe it characterises the transition period from an industrial to an information society. Whereas people pay, and pay well, for computer hardware, they want the software for nothing.

Although the Soviet Government issued a set of rules condemning software piracy in 1988, they have not yet become law, and are unlikely to become so for three years.

Marquart believes, however, that it will be peer pressure which will eventually curb such copying. "They have a big software industry within the Soviet Union that they want to grow. And they can't grow if copying continues," he says.

The authorities now realise, he says, that by using Russian versions of hijacked US or European packages – full of mistakes and sold without support or upgrading – they are limiting efficiency. Boyko sums up the software market as possibly the only free market in the Soviet Union. He points out that software products are selling for whatever price the market can stand.

Soviet software companies are mirroring their western counterparts of 10 or 15 years ago. They are being set up by a handful of entrepreneurial scientists or software writers with individual ideas – a far cry from the unwieldy bureaucracy of the state-sponsored factories of the pre-Gorbachev era.

Many of these programmers, such as the Soviet founders of Parallel, are from the academic community, where most of the hundreds of Soviet programmers work. Their strengths lie in mathematical and technical programming. Boyko complains that Soviet programmers do not like the majority of Western expert systems because they contain weak mathematics.

Parallel has produced a auto compiler for the computer language Lisp, which has been incorporated in software sold by Autocad in the UK. It is already used in about 200 companies.

And Ashton-Tate is selling software written by its future partner for use with the US-developed Framework II word processing and spreadsheet package. The add-on software, called Informontage, allows users to work on the same document in either English or Russian.

Spartak Chebotarev, managing director of Parallel, which has a staff of 18, believes that the Soviet hierarchy now supports such small businesses as the engine for economic growth in the Soviet Union. Parallel is already profitable, reports Chebotarev, even though it only registered last January. As well as selling software to Autodesk for sterling, the company sells Autodesk's computer-aided software in the Soviet Union for hard currency.

Any software written by Parallel is also sold within the Soviet Union for roubles. But as Chebotarev explains: "We can get as many roubles as we want. How to earn foreign currency is our main pre-occupation. But that situation will change."

Western companies believe that the Soviet Union will not only prove a big market for their software, but that the highly-qualified software writers there could form a cheap labour force. "We can employ three of them for the price of one in the West," says Floyd Bradley, vice president and general manager of Ashton-Tate in Europe.

Meanwhile the Soviet authorities look to ventures such as Parallel as a model for other home-grown software companies. Chebotarev says his company has learnt several lessons from its associations with Autodesk, in particular on quality control. "We have learnt to pay as much attention as possible to minor details," says Chebotarev.

Sales and marketing expertise were lacking at Parallel, he admits, as well as training, support and documentation. "There are many software houses who may produce brilliant software but we know of nobody who is able to produce good documentation."

Boyko complains that although Soviet programmers can write excellent software, they are not geared to exploiting it in the marketplace. Typical of this attitude is the prestigious Academy of Sciences in Moscow. They have developed a personal computer operating system similar to MS-Dos, but which is multi-tasking (it can perform several tasks in different parts of the machine simultaneously).

Called the unified operating system, it is available in both Russian and English. But Igor Landau, chief of department at the institute of informatic problems at the Academy of Sciences, says that there are only about 10 users, and no plans to export it. "It's designed for the Soviet Union," says Landau. "We don't know what they want in the West."

The demand for software is clearly set to grow. Although there are only about 300,000 PCs there at the moment, the country would have to make or import between 20m-30m over the next few years to satisfy demand, says Boyko.

Demand for PCs has risen so quickly in the Soviet Union that thefts and even murder are becoming commonplace in the quest to own one. To prevent the build-up of that situation, the Government ruled that from last August Soviet citizens travelling overseas could bring one PC each back into the country without having to pay tax on it. Customs officials at Moscow airport register between 400-500 PCs coming into the country legally every 24 hours.

According to Boyko, many people visit relatives in the US simply to buy a PC. When they return home they sell it to a second-hand shop and buy a motor car with the proceeds.

Hidden depths of an accidental discovery

Steven Butler looks at Chevron's efforts to recover oil from an unusual reservoir in the North Sea

The Alba field, with 250m barrels of recoverable oil reserves in the North Sea, is moving closer to development as Chevron, the US oil company, wrestles with the unusual technical problems posed by the field.

Chevron hopes to submit a final development plan to the UK Government late next year after completion of e current round of appraisal drilling and a final review of all development options. It is expected to cost more than £750m.

Alba was discovered by accident in 1984 in the relatively shallow Eocene geological layer beneath the ocean floor, about 150m northeast of Aberdeen. This layer was not familiar to petroleum engineers, who are accustomed to deeper formations. Characteristics of the Eocene formation made it difficult to assess the size and shape of the reservoir and introduced uncertainty about how the reservoir would perform once in production.

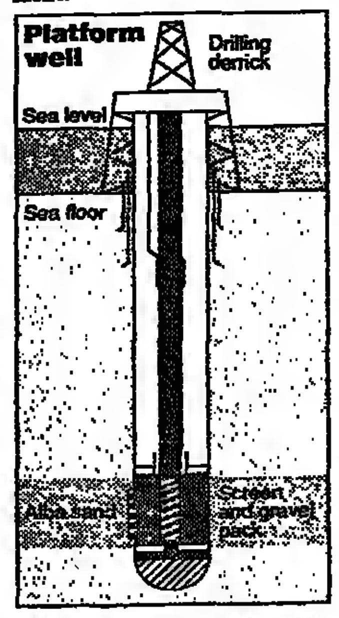
Chevron was initially looking for a deeper structure when its drilling crew plowed into an oil reservoir that was undetected in earlier seismic surveys. The reservoir is located in 450 feet of water, 6,500 feet below the ocean floor. The relative invisibility of the reservoir is one reason why the reservoir has proved difficult to chart.

Chevron has so far identified about 1bn barrels of oil in place, spread out in a thin layer 8km long and 1.5km wide. It expects to produce about a quarter of that.

The current three-well drilling programme is probing a possible extention to the reservoir. The elongated shape of the reservoir poses one development difficulty – hitting it all from a single point. Others are caused by the water, which lies under 70 per cent of the reservoir and threatens to come up with the oil; the loosely packed sand which contains the oil but which may flow out with it; and the high viscosity of the oil. Alba oil is heavier than the typical North Sea crudes, and less valuable.

Initial development plans were for a single central platform with long wells deviated (sent out at a steep angle into the far reaches of the reservoir). To house all the needed equipment, however, this would have required one of the biggest and most expensive platforms ever built in the North Sea.

The concept was rejected and instead Chevron is examining options to develop the reservoir in phases. This offers the attraction of testing production techniques in part of the field before making a final commitment to full development.



A proposal to install two smaller fixed platforms has not been rejected, but Chevron is looking at possibilities of using very light platforms linked to floating storage units with some processing equipment aboard. Or, even doing away with the platforms and housing all processing equipment aboard floating vessels, either ships moored at rotating turrets placed midship, or semi-submersible rigs tied to wells completed on the seabed by flexible tubing.

By going for the latter options Chevron would be testing out some of the latest production technologies. Subsea completions involve a lower capital cost by eliminating the need for structures to hold up platforms, but operating costs can be significantly higher because the wells are more difficult to service. On a platform, wells can be accessed as on dry land. A fixed platform becomes more attractive when production volumes are higher and when field life is expected to be longer.

Whichever arrangement Chevron selects for housing processing equipment it will face uncertainties over the performance of the wells. It will first have to devise ways of keeping loose sand from flowing into the wells along with the oil, because this would be highly corrosive for pipes and processing equipment. This can be achieved by packing fine gravel around the bottom of the well, which acts as a filter, allowing the oil to flow but screening out nearly all of the sand.

While gravel packing is a broadly proven technology, the need for high angle (horizontal) drilling to shoot the wells out into the reservoir could make installation of the gravel packs more difficult. Chevron also expects to be producing a relatively high proportion of water quickly, as the water flows up to replace the more viscous oil which is being produced. Separation is a straightforward process, although Alba oil must be treated at a high temperature – 90 deg C – because of its high viscosity.

Sam Beeler, the project manager, says the early water production will not make production of the oil uneconomic. But it does introduce some uncertainty into how the reservoir will perform.

The Chevron experience in Alba will be watched keenly by the rest of the oil industry. The accidental discovery of Alba prompted a rethink of oil exploration strategies, in particular, looking more carefully at other potential Eocene reservoirs. That interest will intensify if Chevron proves it can be produced economically.

THE PROPERTY MARKET

Paris is still golden

PARIS'S GOLDEN triangle is getting more and more golden. The sale last week of Philips's Paris office building for FFr 1.43bn rubs home the point, setting a new record price of around FFr 110,000 per square metre, writes George Graham.

Two recent sales had established a plateau around FFr 80,000 per square metre: the head quarters of Pechiney, the aluminium and packaging company, on rue Balzac, for FFr 2.76bn, and the former Shell oil company building on the rue de Berri, near Champs Elysées, for FFr 3.76bn.

The Philips building is at an even more prestigious address, on the Avenue Montaigne, nestling among the boutiques of Paris's haute couture houses.

The buyer, Arc Union, part of the Worms banking group, is buying the property in partnership with a group of banks and construction companies.

It plans to build "a unit of international class combining offices and some commercial space of exceptional quality."

The group has retained three French architects, Pierre Epstein, Sylvain Glaiman and Olivier Vidal, as well as and the US group Kohn Pedersen Fox Conway.

Buildings like the Philips, Shell or Pechiney offices represent the cream of the market. A few other properties, such as the Au Trois Quartiers department store near the Madeleine, or the small buildings surrounding the Place de l'Etoile, carry the same kind of prestige and command similar prices.

But in the rest of the golden triangle, stretching between Neuilly in the west, the Concorde in the east, and the Boulevard Haussmann in the north, the trends are more diverse.

While the demand for property from big institutional investors continues to be strong, with Japanese and Scandinavian groups as well as UK pension funds buying heavily, many groups are following Pechiney and Shell and moving outside the Paris city limits, to newer development areas such as La Défense.

The result has been a levelling out of overall supply and demand within the golden triangle area, but much stronger demand in some other zones like the left bank or the Opéra-Bourse area.

To the west of the city, demand has also been strong. Annual office rents in the best areas of La Défense have climbed to FFr 1,350-2,300 per square metre, according to agents Bourdais, catching up some districts of Paris though still behind top areas like the 8th, 7th and 8th arrondissements.

Determined Government efforts to shift office development more to the east have so far had only limited success.

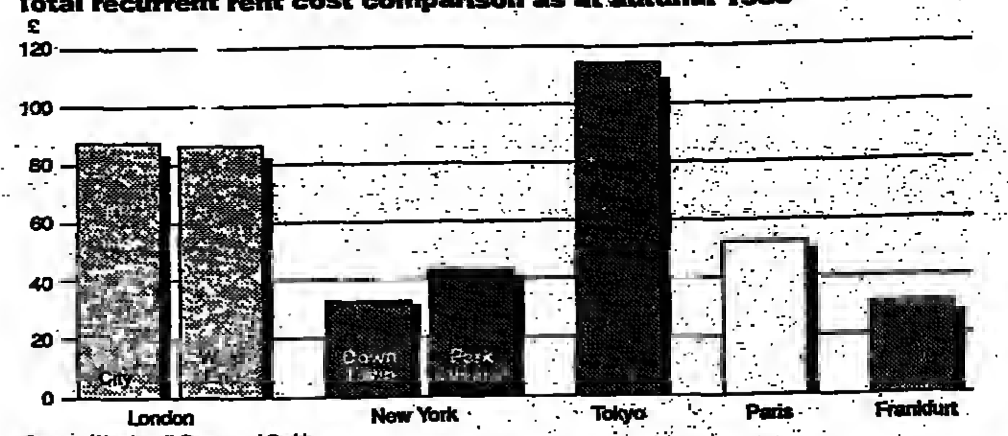
Housing prices within the Paris city limits have shown a more dramatic rise. Old flats have doubled since 1983 to average FFr 15,581 per square metre last year, according to the Chamber of Notaries.

But the new rent law introduced by the socialist government earlier this year is likely to lead to more rigidity in the rental market and thus to reduce the interest of institutional investors in this sector of the property market. Yields have been declining steadily for some years, despite a surge under the effects of the more liberal rent act in force from 1987-88 under the last right wing government.

Paris housing rents remain among the most expensive in Europe, though still well behind Tokyo and New York, while in the office sector, rents remain just ahead of Stockholm, though behind Geneva.

The market is expected to remain strong for some time, however. Mrs Claire Rodrigue, of stockbrokers Tuffier Ravier Py, explains that domestic investors will still have to remain active in the market, because of the obligation for insurance companies to keep 40 per cent of their portfolios in property, while foreign investment has doubled over the last four years and now accounts for more than 10 per cent of the total office market.

Total recurrent rent cost comparison as at autumn 1989



Source: Weatherall Green and Smith

Chartered surveyors under pressure

MORE MERGERS and new affiliations among chartered surveyors provide fresh evidence that the profession is under pressure. The moves in the profession are, at once, part of a longer trend of realignment among competing practices and a reflection of the need to find a safety net for the future, writes Paul Cheeseright.

In recent weeks Edward Erdman has disclosed plans to merge with Auguste Thouard of Paris. More recently Stewart Newiss threw its lot in with Colliers International, a federation of independent surveyors spread across the world but especially strong in the US. And, in the north west of England, Chesters, Hedley Reddish and John Alker – have decided to merge.

In the immediate future, it is expected that Hamptons will be sold by British & Commonwealth Holdings. If the latter also disposes of Abaco, then the future of Lambert Smith & Hampton comes into play. If Morgan Grenfell is taken over it is legitimate to ask what will happen to Morgan Grenfell Laurie. All of this uncertainty only serves to indicate that, for chartered surveyors, there is not necessarily a guarantee of security in the shelter of a larger financial group.

Broadly, there are two sets of pressures on chartered surveyors. The first comes from outside, the second from within the profession itself.

Outside, the deregulation of the financial markets has splintered the barricades of professional exclusivity, offering chartered surveyors the opportunity of getting closer to the capital markets but permitting banks and accountants to eye the traditional territory of chartered surveyors.

But the expansion of property lending by the banks, and the accompanying buying in of property expertise the better to support that lending, have taken the banks directly into the territory of chartered surveyors. Deals get driven from the financial rather than the property point of view.

The second point about outside pressures concerns the state of the market. In recent years there has been an abundance of work. Chartered surveyors have expanded rapidly – indeed, they still are. But if the market turns down, those practices which obtain most of their revenue from agency work, as opposed to professional services, may be dangerously exposed, as residential estate agents have been.

Competition among the surveyors will become increasingly severe. But it is has been the existence of that competition which has been the main pressure for change inside the profession as the large practices have worked to keep their pre-eminence and the smaller practices have to dig deeper into their niches.

The problem has always been with the medium-sized practices. They present, as Christopher Jonas, the senior partner at Drivers Jonas noted, the classic business text book problem: stretching limited resources across a wide range of activities and failing to find the funds to expand.

This factor largely explains the chain of mergers and takeovers which has been taking place ever since, four years ago, the Royal Institution of Chartered Surveyors accepted that practices could take in outside capital.

The other side of all this has been the expansion abroad as chartered surveyors have sought to ready themselves for increasing business as trade barriers drop in the European Community and as the property market itself becomes more international.

The bread-and-butter property business can only be done on the spot. "Real estate is a local business but it will be more and more influenced by the globalisation of the financial markets," commented Mr Stewart Forbes, president of Colliers International. The strength of the surveyors is their local knowledge.

TOTAL RETURNS (%)

	Retail	Office	Industrial	All Property
Year to September 89	13.7	28.1	34.4	22.4
Quarter to September 89	2.5	4.8	6.1	4.3
Month of September 89	0.9	1.7	2.5	1.5

Source: Investment Property Databank

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COMPANY NOTICES

EAST RAND GOLD AND URANIUM COMPANY LIMITED
(Registration No. 71/07031/06)
Notice to holders of 15.5 per cent unsecured convertible debentures 1988/1991 - interest payment no. 11

and

WESTERN DEEP LEVELS LIMITED
(Registration No. 57/02349/06)
Notice to holders of 12 per cent unsecured debentures 1986/1993 - interest payment no. 19

Notice is hereby given that the transfer registers and registers of debenture holders of the above mentioned companies will be closed from November 25 to December 9 1989, both days inclusive, for interest payment purposes.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per A J S Sebba. Divisional Secretary

Registered Offices:
44 Main Street
Johannesburg 2001
(PO Box 61587 Marshalltown 2107)

London Office:
40 Holborn Viaduct
London EC1P 1AJ

Johannesburg
November 10 1989

PUBLIC NOTICE

MMC INVITES EVIDENCE ON MICHELIN TYRE PLC'S ACQUISITION OF NATIONAL TYRE SERVICE LIMITED

The Monopolies and Mergers Commission would like to hear from any person or organisation with information or views on Michelin Tyre plc's acquisition of National Tyre Service Limited.

The Commission will in particular be studying the possible effects of the acquisition on the supply of replacement tyres for cars and trucks.

The Commission would like evidence in writing by Friday 24th November to be sent to The Reference Secretary (Michelin/NTS Inquiry), Monopolies and Mergers Commission, Room 642, New Court, 48 Carey Street, London WC2A 2JT.

CANADIAN NORTH ATLANTIC WESTBOUND FREIGHT CONFERENCE
CANADA - UNITED KINGDOM FREIGHT CONFERENCE
NOTICE TO SHIPPERS AND CONSIGNEES
BUNKER ADJUSTMENT FACTOR

The Member Lines of the above Conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St Lawrence River and Great Lakes Ports would refer Shippers and Consignees to the press announcement in September, the concluding paragraph of which indicated the intention of the Member Lines to continue to review bunker costs monthly and to announce any changes to the Bunker Adjustment Factor payable only when warranted.

The result of the Lines' October review has indicated a necessity to introduce the following Bunker Adjustment Factor with effect from 1st December 1989.

20 foot containers Can Dlrs 18.00
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The Bunker Adjustment Factor is exempt from the Conference Currency Adjustment Factor.

The Member Lines will continue to review bunker costs and any further change in the amount of Bunker Adjustment Factor payable will be announced when warranted.

Atlantic Container Line BV
Canada Maritime Ltd
Cast (1983) Ltd
Hapag-Lloyd AG
Orient Overseas Container Line (UK) Ltd

Canadian Atlantic Freight Secretariat Ltd
Secretaries

Stoner House
Kilnmead
Crawley
West Sussex RH10 2BG
November 1989

COMPANY NOTICES

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)
CANADIAN PACIFIC LIMITED PERPETUAL 4% CONSOLIDATED DEBENTURE STOCK NEW BRUNSWICK RAILWAY COMPANY 4% DEBENTURE STOCK CALGARY & EDMONTON RAILWAY COMPANY 4% DEBENTURE STOCK

In preparation for the payment of the half-yearly interest due January 1 1990 on the above Stocks, the transfer books will be closed at 3.30pm. on November 27 1989 and will be re-opened on January 2 1990.
D.R. KEAST
Deputy Secretary
62-65 Trafalgar Square
London WC2N 5DY
November 8 1989

LEGAL NOTICES

JOHNSON TINDALL ASSOCIATES (TRAVEL) LIMITED

Registered number: 1516041
Trading name: Ranger Holidays
Nature of business: Business and Retail Travel Agency
Trade classification: 31
Date of appointment of joint administrative receivers: 30 October 1989
Name of person appointing the joint administrative receivers: Barclays Bank plc
JOHN FREDERICK POWELL and
IAN NAPIER CARRUTHERS
Joint Administrative Receivers
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APPEALS

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FINANCIAL TIMES
FT Property Surveys
The Financial Times proposes to publish these surveys during 1990

26 January	Property Review
9 February	Property Management
23 February	West End & Victoria Property
24 March	Property in Manchester
6 April	Industrial Property
20 April	Property in Leeds
11 May	Marina & Waterfront Developments
25 May	Business Parks
15 June	Office Property
6 July	Property Investment & Finance
7 September	Leisure Property
21 September	City of London Property
5 October	Scottish Property
26 October	Property along the M3/M27
2 November	Property in the London Docklands
23 November	Property Research & Information Systems

For a full editorial synopsis and details of available advertisement positions, please contact
Joanna Dawson on 01-873 3269
or write to her at:
Financial Times, One Southwark Bridge, London SE1 9HL

FT
FINANCIAL TIMES CONFERENCES
World Telecommunications
London - 4 & 5 December 1989

Issues to be addressed:
- Competition versus regulation in service provision—developing a common European approach
- Towards 1992 & the creation of a Europe-wide competitive environment
- Competition in the US telecommunications market
- Prospects for the international development of value added networks
- Rationalisation in the telecommunications industry: niche markets
- Prospects for joint ventures with Eastern Europe
- The impact of technology & innovation on the market

Speakers taking part include:
M. Paul Quiles
Minister of Posts, Telecommunications & Space, France
Dr Christian Schwarz-Schilling
Minister of Posts & Telecommunications, FRG
Dr Filippo Maria Pandolfi
Commission of the European Communities
Dr Pekka Tarjanne
International Telecommunications Union (from November 1989)
Mr Alfred C Sikes
Federal Communications Commission
Professor Diodato Gagliardi
European Telecommunications Standards Institute
Mr Wolfgang Buchholz
Siemens AG
Mr Tsuneo Hara
Canon Inc
Ing. Marino Benedetti
STET Societa Finanziaria Telefonica pa
Mr Jonathan Solomon
Cable and Wireless PLC
Mr J A Heck
AT&T Network Systems International
M. Philippe Gluntz
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FT
FINANCIAL TIMES CONFERENCES
WORLD BANKING:
EUROPE AFTER THE DELORS REPORT
London
30 November & 1 December, 1989

Speakers include:
M. Jacques Delors
Commission of the European Communities
The Lord Roll of Ipsden, KCMG, CB
S G Warburg Group plc
Mr Peter Lilley, MP
H M Treasury, UK
Sr Miguel Boyer
Cartera Central, S.A.
Mr Peter Leslie
Barclays Bank PLC
Mr Stanislas Yassukovich
The Securities Association
Dr Roland Vaubel
University of Mannheim
Mr Alan Clements
Imperial Chemical Industries PLC
Rt Hon Lord Jenkins of Hillhead, PC
Mr Samuel Brittan
Financial Times
Professor Patrick Minford
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The Rt Hon John Smith, QC, MP
Shadow Chancellor of the Exchequer, UK
Mr Giles Keating
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ARTS

Arts Week

F	Sa	Su	M	Tu	W	Th
10	11	12	13	14	15	16

EXHIBITIONS

London

The Royal Academy. The Art of Photography 1839-1989: in celebration of the 150th anniversary of the first practical demonstrations of the medium, this large and impressive exhibition leads the visitor through the practical developments and aesthetic variations and experiments in the use of the medium, from the work of the earliest pioneers in France, England and Scotland, up to the present. Daily until December 23.
Gauguin and the School of Pont Aven – a fascinating study of the prints made in the 1880s and 1890s by the loose society of artists that came together at Pont Aven in Brittany, of which Gauguin was the leading but not necessarily, at the time, the outstanding figure.

Paris

Musée des Arts Decoratifs. Je suis le Cahier - Picasso's sketchbooks. After two years of meandering the world over, the exhibition ends, aptly, in Paris. 107, Rue de Rivoli (42603214), closed Tue. Ends December 31.
Musée des Arts Decoratifs. Bohemian glass 1400-1989. Some 300 exhibits, among them the famous ruby-coloured glass, show how – having freed themselves from Venetian influence – the glassmakers of Bohemia carried the art of cutting and engraving and painting to such perfection during the baroque period that the renown of Bohemian crystal conquered countries as far apart as Spain and America, Egypt and Ireland. 107, rue de Rivoli (42603214). Closed Tue, ends Jan 28.
The Louvre. Arabesques et Jardins de Paradis. The beauty and richness of nature is a leitmotiv which runs through Islamic art from Spain to India, from the 8th to the 18th century.234 exhibits, miniatures and manuscripts, textiles and ceramics show the unifying force of this inspiration which ranges from the decorative to the symbolic.
Institut du Monde Arabe. Egypt-Egypt. An exhibition of 25 chef-d'oeuvres, including the most recent finds, starts with statues and bas-reliefs dating from the middle-empire, continues with a golden crown of a high priest of Osiris with some elements of Roman art and Coptic icons and concludes with Islamic exhibits. 1, rue des Fosses-Saint-Bernard (closed Mon). Ends Jan 14 (40513838).
The Louvre and the Chateau de Versailles. David. A retrospective consisting of 84 paintings and 165 drawings is held simultaneously in the Louvre and in the Chateau de Versailles.

267, rue Saint Honoré (42601503). Closed Sat, Sun and lunchtimes. Ends Dec 15.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the *judicious* selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Brussels

Europalia Japan 89: Musées Royaux d'Art et d'Histoire. Nambam Art explores the Portuguese influence on Japanese painting and the Splendour of No Theatre shows props and costumes from the Rokuro Umewaka Collection. Closed Mon. Ends Dec 17.
Musées Royaux des Beaux-Arts. The Human Figure: millennia of Japanese art – an overview of Japanese art from 3000 BC to the 19th century which ends Nov 26.
Banque Bruxelles Lambert, 6 Place Royale. Japanese Buddhist art 7th to 19th century. Daily ends Nov 26.

Antwerp

Museum of Modern Art (Muhka) 32 Leuvenstraat. New tools - New Images: art and technology in Japan today with installations by Tatsuo Miyajima, Tsuneo Nakai. Closed Monday, ends Dec 3.

Madrid

Fundacion Caja de Pensiones. Arshile Gorky. Excellent chance to see a selective exhibition of this Armenian-born US painter in Europe. Gorky is considered a vital link between modern European art and American abstract expressionism. Closed Tuesdays. Ends Dec 23.

Barcelona

Museo de Arte Moderno. Showing of modernist posters belonging to the museum's collection. *An important selection* consisting of 70 posters by renowned turn of the century artists: Mucha, Steinlen, Toulouse-Lautrec, Cheret, etc. Ends Nov 26.

Bonn

Beethovenhalle Bonn. 50 portraits of Beethoven by the American pop artist Andy Warhol.

Berlin

Bruecke Museum, Bussardsteig 9. A Franz Marc retrospective with 180 drawings and aquarelles (1880-1916) most of the German expressionist painter's works, can be seen for the first time until Oct. 29.

Frankfurt

Kunstverein, am Markt 44. A "Prospect photography" to celebrate the 150th anniversary of the invention of photography with 130 works from around 30 photographers and artists. Ends Nov 26.

Munich

Städtische Galerie im Lehnbachhaus. The most complete retrospective of the expressionist painter Karl Schmidt-Rottluff to dete with almost 370 works from 70 private and public collections.

Bonn

Stadtisches Kunstmuseum, Rathausgasse 7. Glanzlichter, 40 years of government support for art. This exhibition shows for the first time selected works of art from 11 centuries and attempts to present an impression of all aspects of culture during this period, with the help of government, foundations and private sponsorship.

Vienna

Museum for Applied Arts is hosting a large exhibition devoted to the works of Carlo Scarpa, the *Italian* artist and architect. The theme is focusing on "The Other city". Until Jan 15.

Rome

Palazzo Venezia. Iriarte: ancient and modern in the IRI collection. The state holding group is showing for the first time some of its fine collection of sculpture, paintings and tapestries dating from the classical Roman period up to the present day, normally split among the headquarters of the various companies.

Milan

Castello Sforzesco. Unknown Treasures from the Moscow State History Museum. Over 500 pieces of applied art including gold and silver embroidery, lace, brocade, icons, jewellery and costume covering three centuries, chosen from from a collection of over 4m pieces. Ends Nov 22.

New York

Metropolitan Museum. A decade of fabulous shows borrowed from around the world culminates in the present exhibit of the major works of Velazquez, much of which is borrowed from the Prado in Madrid. Ends Jan 7.
Whitney Museum at Philip Morris. This exhibit of Isamu Noguchi's sculpture portraits justifies the proliferating vest-pocket galleries that have come to replace building lobbies in the 1980s: 23 pieces that mark a departure for the abstract sculptor, though rather abstract for the genre. Ends Dec 6. 42nd & Park.

Washington

Hirshhorn Museum. The first retrospective in America in a quarter century celebrates Francis Bacon's 80th birthday with a comprehensive review of his prolific career. The three-city US tour begins here with 60 works, a surprisingly large number of which are highlights of contemporary art. Ends Dec 7.
National Gallery. A major international collaboration showing the major works of Frans Hals outside the Netherlands for the first time starts here with more than 60 paintings; next year it travels to the Royal Academy in London and the Frans Hals museum in Holland. Ends Dec 3.

Chicago

Art Institute. Fixing the Shadow shadows the history of photography at its 150th anniversary. Of the millions of possible contributions, the exhibit focuses on 400 pieces by 200 photographers organised chronologically. Ends Nov 16.

Tokyo

Suntory Museum. The Fujinoki Tumulus. This 6th century burial mound has yielded a host of treasures that throw considerable light on early Japan. *Finds from* other tombs of the same period are also displayed. Closed Mondays. Ends Nov 19.
Teien Museum, Meguro. Yasuo Kuniyoshi. Retrospective to mark the centenary of a Japanese artist who emigrated to the US as a teenager.
Sezon Museum of Art. Vienna in the 1900s. The former Seibu Museum has moved to a new site in Minami Ikebukero and opens with a major exhibition focusing on Klimt, Schiele and other artists of the Vienna Secession. Closed Thursdays.
National Museum. Art of the Muromachi Period (1334-1587). Major exhibition featuring some 400 works from the period when the shoguns had consolidated their power, bringing a period of relative peace and prosperity

MUSIC

London

Young Musicians Symphony Orchestra conducted by James Blair, with Alfreda Hodgson, performing Mahler's Symphony No 3. Royal Festival Hall (Sat) (921 0800).
London Philharmonic conducted by Franz Welser-Möst, with Jorge Bolet (piano), performing Haydn, Chopin and Sibelius. Royal Festival Hall (Sun) (921 0800).

Paris

Ensemble Orchestral de Paris conducted by Arpad Gerecz, with Gary Hoffman (cello): Mozart, Tchaikovsky, Dvorak, Bartok (Tue)Salle Gaveau (45632030). Jorge Bolet, piano.
Orchestre National de France conducted by Lorin Maazel. Beethoven (Thur). Chatelet (40282840).
Mikhail Rudy, piano. Chopin/Liszt (Thur). Théâtre des Champs Elysées (47203637).

Brussels

I Fiamminghi Ensemble conducted by Rudolf Werthen with Arielle Valibouse (harp) and Johan Huys (pianoforte). Boieldieu, Haydn and Tchaikovsky. Cercle Royal Gaulois, 5 Rue de la Loi (Sat).

Antwerp

Royal Flanders Philharmonic Orchestra conducted by Pierre Bartholomee, Flemish and Dutch choral societies, soloists, perform Mahler's Symphony No 8 (Thur). Koningin Elisabethzaal.

Milan

Alexander Lazarev conducting Chopin and Rachmaninov (Fri, Sat) La Scala (80.91.26).

Vienna

Austrian State Radio and Television Orchestra and the Neues Wiener vocal ensemble, conducted by Alexander Rahbari. Schedl, Stravinsky (Fri). Musikverein.
Ruttinger Quartett from Leipzig.

Ensemble Kontrapunkte conducted by Peter Keuschnig (Thur). Musikverein.

Madrid

Teresa Berganza (mezzo-soprano), J.A. Alvarez parejo (piano). Pergolesi, Rossini, Bizet, R. Strauss, Rodrigo (Tue). Auditorio Nacional de Musica (337 01 00).

New York

Manhattan String Quartet. Shostakovich, Colgrass (world premiere), Ives (Mon). Town Hall (947 5850).
Shura Cherkassky piano recital. Handel, Weber, Chopin, Berg. (Tue). Carnegie Hall (247 7800).

Washington

National Symphony Orchestra conducted by Rafael Frühbeck de Burgos. Falla, R. Strauss (Thur) Kennedy Center Concert Hall (254 3600).

Tokyo

Renata Scotto (soprano), Alfredo Kraus (tenor). Opera arias and duets. Showa Women's University Hitomi Memorial Hall, near Sangenjaya (Mon) (331 4461).
Traditional Japanese Music. Buddhist Sutra Chanting. National Theatre (Thur).

Utrecht

Netherlands Handel Society and soloists conducted by Thijs Kramer. Haydn (Tue). Vredenburg (31 45 44).

Rotterdam

Rotterdam Philharmonic with Naum Grubert (piano), Valeri Gergiyev conducting. De Leeuw, Rachmaninov, Beethoven (Fri). Doelen (413 2490).

Berlin

Berlin Philharmonic Orchestra with pianist Andras Schiff, conducted by Daniel Barenboim. Strauss (Tues, Wed). Philharmonie.

Cologne

Cologne Radio Orchestra conducted by Gary Bertini, with Frank Peter Zimmermann (violin). Ligeti, Mozart, Debussy and Ravel (Sat). Philharmonie

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zaks's desperately bright production comes from the Lincoln Center in New York and is undemanding summertime fare (734 8951, cc 836 2428).
A Life in the Theatre (Haymarket). Slight but enjoyable David Mamet early play anglicised to reflect the last days of weekly rep and notable for the return to the stage of a silkily accomplished technician, Denholm Elliott (930 9832). Ends Dec 2.
Jeffrey Bernard Is Unwell (Apollo). Brilliant performance byPeter *O'Toole* as an *alcoholic* journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has *stitched* a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs (437 2663).
A Little Night Music (Piccadilly). Fine revival by Ian Judge,imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter McEnery and Susan Hampshire (867 1118).
A Flea in Her Ear (Old Vic). Feydeau's farce in the John Mortimer translation spiritedly done as German Expressionist nightmare by Richard Jones and the Quay Brothers, the directing and design team on WNO's *Love of Three Oranges.* Jim Broadbent leads good cast as the discomfited insurance manager and his doppelganger, a drunken hotel porter. An interesting, enjoyable, unfairly derided experiment (928 7616, cc 240 7200). Ends Nov 18.
Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African family in Cape Town and Maida Vale. Albert Finney plays father and concert pianist son across 35 years, suggesting that talent is a means of escape and a reason for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 1116).
Aspects of Love (Prince of Wales). Andrew Lloyd Webber's latest is an intimate chamber operetta derived from David Garnett's 1955 novella. Musically interesting and well directed by Trevor Nunn, a cast of unknowns project the right sense of sybaritic insouciance. A probable, but unspectacular hit (839 5972).

New York

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).
Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob *Gunton* as the demon barber of Fleet Street (239 6200).
Lend Me a Tenor (Royale). A sprucing up in the set of a decaying town's big time opera ambitions makes a transatlantic hit of this farce, first produced in London, but now with a local cast led by Philip Bosco and Victor Garber (239 6200).
Rumours (Broadhurst). Neil Simon's latest comedy is a self-conscious farce, with numerous slamming doors and lots of mugging but hollow humour that misses as often as it hits. Christine Baranski leads an ebullient cast in the inevitable but disappointing hit.
Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).
A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are used as auditions rather than emotions (239 6200).
Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).
Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with *forgettable songs and* dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).
M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220).
Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Chicago

Driving Miss Daisy (Briar Street). The touching relationship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000).
Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Tokyo

Kabuki. At Kabuki-za (541 3131): an opportunity to see two of the best-loved classics of the traditional theatre. The 11am programme includes *Sonezaki Shinju (Double Suicide at Sonezaki),* based on the moving puppet drama by the "Japanese Shakespeare", Chikamatsu. The highlight of the 4.30pm programme is Sukeroku, whose swaggering hero performs a famous dance with an umbrella.
At the National Theatre (265 7411): *Reigen Kameyama Hoko (Ghost Turtle Mountain)* is a dramatic and spectacular tale of murder and revenge. Both theatres have useful English programmes and earphone commentary.
The Rose of Versailles. A *must* for connoisseurs of kitsch. The all-girl Takarazuka Revue celebrates its 75th birthday by reviving its famous romantic musical set in 18th century France. A plot summary in English is printed in the theatre programme. Takarazuka Theatre (201 7777).
Kokusenya Gassen. New play by Hideki Noda, with a title drawn from a famous puppet play by Chikamatsu. Noda's work has tremendous visual flair and can be enjoyed by those with no or little knowledge of Japanese. Ginza Saison Theatre (5478 0771).
Desire Under the Elms. Eugene O'Neill's powerful drama about human values and property values should strike a chord in the city with the world's most expensive real estate. Performed (in English) by the Denver Center Theater Company from the US. Hakuhinkan Theatre (944 5451).

ARTS

The Return of Ulysses

COLISEUM

In one of those extraordinary coincidences that regularly brighten London's operatic life, two great but seldom-revived operas have this week been added to the repertory of the city's opera houses, both of them on Classical Greek subjects: Cherubini's *Médée*, by the Royal Opera on Monday, and Monteverdi's *Il ritorno d'Ulisse in patria* (in Anne Ridler's translation) by the English National on Wednesday.

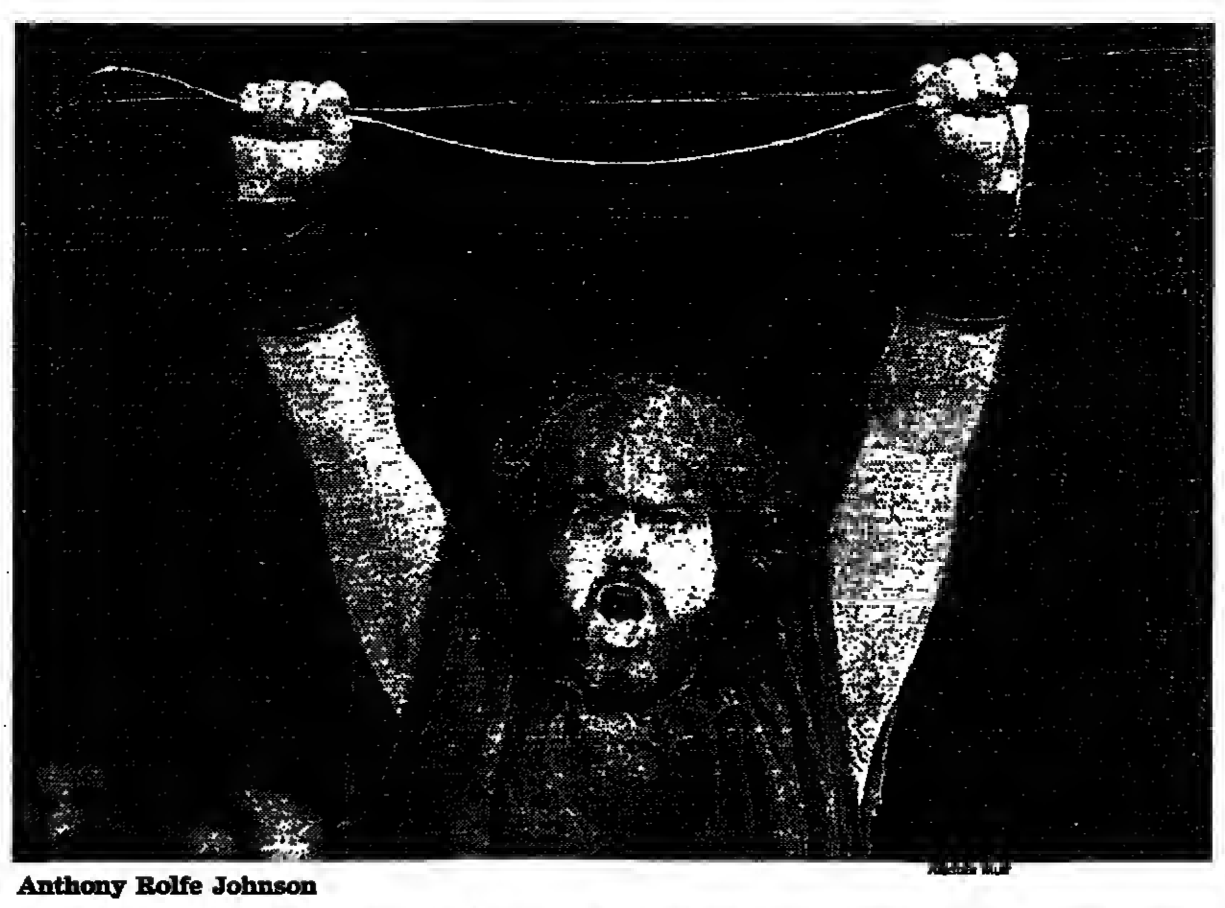
Fortunately, parallel lines break down hereafter, for whereas experience of the former will have caused dismay to all who admire the work, that of the latter brings joy. The greatness of Monteverdi's second extant opera is revealed during an evening long (three-and-a-half hours, with two intervals and two scenes cut from the second act) but intensely concentrated, an ensemble performance of eloquent simplicity and heart-lifting beauty. It seems to lock into the lives of all its audience, to make the events on stage and in the pit part of their own lives.

The Return of Ulysses is many things – a disquisition on human constancy (and the opposite) in the face of life's worst misfortunes; a marvellous adventure tale, picturesque, incident-rich, with a happy ending; an epilogue (as the Gods and others keep reminding us) to the Trojan War. But at its centre it is a profoundly moving emotional drama, a slow, patiently charted voyage toward reconciliation.

Scenes of meeting by people whom the vicissitudes of life have long separated form, indeed, the periodic clinching points of the drama. The final duet between husband and wife and the smaller though no less loving duet between father and son may be the most important of these; yet other moments of reunion – between Minerva and Ulysses, Ulysses and the shepherd Eumaeus, even in the final summit conference of the Gods – strike deep, because of the shape of Badoaro's libretto and the naked directness of Monteverdi's music. Seldom in the history of a noble, unstable theatrical medium has the dramatic power of melody and the singing voice been more surely harnessed. After the prologue Penelope's first utterances, grave, unbearably poignant, speak the whole story: her low-voiced grief runs through the evening like a black-and-silver thread.

David Freeman's production in David Roger's designs is big, bold, sensitive, masterly. Of all his many attempts to show opera as "the unique collaborative art" (a phrase taken from the excellent Freeman profile in this month's *Opera*), this is perhaps the most successful. The figures of the prologue – Human Frailty, Time, Fortune, Love – are modern Mediterranean refugees complete with plastic carrier bags and weary feet; the main events return the characters to an ancient period in the Levant, and dress them in cloths of sensuous richness. There is a door at the back of Mr Roger's magnificent single set (a severe formal arch warmed by stone colour and texture): it seems to provide the link, visual and psychological, between the composer's day and our own, a motto for the style of the whole enterprise.

The blend of fluid forward movement, humour (stylized pigs and horses, every bit as delightful as the sheep in Freeman's *Yan Tan Tethera* staging), and largeness of canvas is near-faultless: there is little of the flying-machine magic of Peter Hall's famous Glyndebourne *Ulisse*, and much magic of a much simpler kind. The stage is busy – Penelope, busy weaving stage right on an impressive loom, seldom leaves it – but the focus almost always stays in the right place: the "communal" overall impression is part of the production's richly-detailed fabric.



Anthony Rolfe Johnson

At his best Freeman draws portrayals of unrivalled depth from his casts. So it is here. Anthony Rolfe Johnson, back in magnificent voice, gives as Ulysses what seems to me the performance of his career – a character possessed, violent, heroic (the singer's appearance seems to have undergone its own sea-change, or Minerva-transformation), suffused at the last with radiant tenderness fined down to the softest pianissimo. Penelope, rendered unusually gaunt and passionate in her suffering, draws on the most beautiful and expressive range of Jean Rigby's voice; as yet she misses the gentle poise of declamation remembered from Sarah Walker's Kent Opera heroine, though already the final unbending is wonderfully affecting.

Sally Burgess's Minerva sparkles with impudent wit, and sings with agile lustre. Alongside Rolfe Johnson there is a galaxy of impressive tenors – Laurence Dale (Telemachus), John Mark Ainsley (a first-rate Eurymachus, youthful and lyrical), Philip Doghan (Peisander), Kim Begley (Jupiter), Eumaeus (Edward Byles, wrongly addressed as "Youmayus"), and Alexander Oliver, whose "paunchy cavalier" Irus differs from his celebrated Glyndebourne account, a decade ago, in being much wilder, coarser, more eccentric; the long Act 3 soliloquy ventures briefly but dangerously in the direction of verismo melodrama. Some of the lower voices, male and female, are ropy (with poor diction); the ensemble as a whole is superb.

Paul Daniel conducts his own un-Leppard-ized edition, and a small, expertly-chosen "period" band seated in a raised pit (bravo!). The highest praise one can offer Mr Daniel is to say that the performance did not appear conducted at all – the heat and light of the music seemed to be taken directly from the singers' notes and verbal inflections – and that it moved with unerring steadiness across the span of the evening. Few operas have the power to speak so freely, with so little clutter and fuss, across time; afterwards, one leaves the theatre drained, elevated, and walking on air.

Max Loppert

Spoils of War

LEEDS PLAYHOUSE

Michael Weller has been a little too forgotten of late here while we catch up with the lesser work of David Mamet. Venues like the Cottesloe and Hampstead Theatre are conspicuously failing to keep us up to date with Weller, Tina Howe, Wendy Wasserstein and A R Gurney, to name but four significant contemporary American playwrights beyond Mamet, Shepard and August Wilson. Of them all, Weller writes in the most recognisably English way. His plays are more sensitive than sentimental, more funny than crass, more intelligent than smart.

Like Gurney, he is probably too good for Broadway in its current condition, though this piece did make it briefly onto the Great White Way starring Kate Nelligan, following an acclaimed production at the Second Stage. All credit to Leeds Playhouse, then, for arranging the European première; the pleasure of seeing this truly marvellous play is only dented by the disappointment of Tim Luscombe's production, which is underpowered, undercast and tentative.

The setting is New York in the 1950s, after the Korean War and during the rise of McCarthyism. Against a subtly shifting background of lost illusions and mounting political paranoia, 16 year-old Martin (Gary Parker), about to embark on further education in Europe, tries to reconcile his parents. His mother Elise (Trudy Weiss) is a dypsomaniac fashion garment worker and left-over leftie; his father Andrew (David Allister) is a Korean veteran, a pilot and photographer, who has decided to garnish his betrayal of idealism by over-dressing and living with a bimbo who works in a zoo (Catherine Furshpan).

The writing is rich and dense, the scenes beautifully orchestrated in over-lapping sequence so that the claims of revolution literally jostle with those of reunion, while selling out is easy and making up, as ever, hard to do. Martin is particularly cut up about Mum's absence from parent's day, where he delivered his essay on the Cold War; he recites it for Dad who *goes* berserk. While Andrew sidles into parties, girls, nice suits, Elise harbours a pipe-dream (Weller deliberately echoes O'Neill) of owning her own house. She wants the house, too, for Martin; their final fall-out has the tragic resonance of Tennessee Williams, maternal absenteeism excused with the bedroom line "I have to see myself every day, why should you?"

This climax is not so much muffed as avoided in the playing. Miss Weiss knows she is missing, which makes it worse. She is much happier in her joshing scenes with Lolly Susi's jolly floozy and the other Korean vet, a drunk from Wichita (David Crean), who drops by to offer false hope in a dawn where the sun will not rise. Paul Farnsworth's floor-level design is neat but ineffective in this curious semi-thrust limbo arena.

The production continues until November 18.

Michael Coveney

Trudy Weiss

I Miss My War

ALMEIDA THEATRE

"A mythical ballad of several wars in two different planets" is how the programme describes this latest offering of the exiled Iranian poet and dramatist Iraj Jannatie Ataie. His Mazdak Theatre Group has already made waves with two plays in Farsi.

Now writing in English, the author (who also directs) unravels an Iranian brother/sister relationship in an English lodging house, where the landlady Penny is supervising Remembrance Day poppy production while still lamenting the man she lost in the War. The wounded Sya (Kulvinder Ghir) has been carried to England for an operation after sustaining horrific wounds in the Holy War with Iraq. A failed martyr, he is Penny's lost soldier.

Penny already has a cider-swigging lodger, the pathetic ex-actor Burt, whom Sylvester McCoy energetically projects as a maudlin eccentric. Eccentric enough, anyway, to think that life might hold out more hope for him in the lap of the Ayatollah.

A play that rapidly takes on the mood of a crazily re-written *Entertaining Mr Sloane*, with Patti Love's tremendous, blowzy Penny, and the importunate Burt, vying for the salvationist friendship of Sya, then becomes a metaphorical culture clash, with social misunderstandings escalating into sudden violence.

The style is fractured, non-naturalistic, dealing in tableaux and poetic flashbacks and interludes broken up by curious, off-centre English idiom. Penny dreams of soldiers on her Victorian rocking horse, and her caged canary is brutally liberated. A television screen shows war footage. Corpses with faces blown away are laid out for inspection.

Penny Fitt's design smothers a tawdry interior with a great sagging tent of torn and bloody raiments above which hang dummies of dead soldiers. We hear of atrocities both civil and domestic in Iran; and how Sya was ordered to execute his own sister's brother, who has deserted at the front.

That episode is framed by the sister, Sohy (Soudabeh Farrokhnia), swishing her long Rapunzel hair in lamentation. Sohy's cultural dislocation is complete when she, the black-garbed bearer of her brother's broken body, is amazingly transformed to his naked, avenging tormentor. The evening is by no means perfect; but it keeps flaring into life at such moments.

As in Orton, the characters jockey continuously for domination. Penny covers up in Soby's black weeds, but the would-be martyr, whose operation is a failure, cannot be seduced. The purpose of his life lies only in war. His death proves it.

Michael Coveney

Siobhan Davies

RIVERSIDE STUDIOS

This year's Dance Umbrella again brings an evening of creations by Siobhan Davies. And, as last autumn, she has turned to the South African-born composer Kevin Volans for the soundtrack to one of her two pieces receiving first performances on Wednesday night. *Cover him with Grass* opens with the sound of wood chopping, continues with African work-songs, Zulu chanting, vague soughings of wind – the programme refers to all this as "music" – which provide a starting point for dance ideas. These are for the most part demure as the three men and three women of the company manipulate a long metal pole, engage themselves in somehow under-powered movement, and make reference to work actions which then slither unconvincingly into dance.

There is a feeling that this rather secretive activity is commenting upon African life, but it is too self-contained and too introverted to make much impact. Visually there are moments of penetrating beauty – a man sleeping as evening comes, watched by his companions; a ravishing pose that ends the lengthy duet which closes the piece – but Siobhan Davies has taught us to expect more. I suspect that she needs the challenge of a larger troupe and the frame of a proscenium to focus her dance for her audience – and perhaps even for herself. The kind of amateurishness endemic to much of the new dance in this country, typified by evenings such as this, can but diminish the effects of Siobhan Davies true talent.

Her second new piece, *Drawn Breath*, has a programme note by the designer, Hugh O'Donnell, which is a fine example of the Higher Tosh. Mr O'Donnell has, in fact, produced attractive abstract back drops and a painted gauze that cuts across the dance area. There is a score of lively sonorities by Andrew Poppy, for piano, saxophone, trumpet, percussion, which invites dancing. The cast of six appear, each with arms looped through another's; the development of the choreography finds the dance breaking up, becoming more active, vivid, and at times contemplative as the figures are contrasted, or seen behind the gauze as echoes and memories of those in front. That the dancers are dressed with unmitigated dowdiness – why do the New Dance crowd need to look so glum so much of the time? – is their problem. Ours has to do with the enclosed and uncommunicative nature of the piece. It argues some theorising about movement, but communicates more earnestness than dynamic power, though a trio for the male dancers is quick and exhilarating. All in all, a rather flat evening, I'm afraid.

Clement Crisp

Bartók and Kodály

BARBICAN HALL

Wednesday's instalment of "Magyarok" was led by Russians, Vladimir Ashkenazy as conductor with the Royal Philharmonic and Yuri Bashmet as soloist in Bartók's posthumous Viola Concerto. There are many cities now where halls fill up for Bashmet, but not London yet: either word-of-mouth is slow here, or too many people doubt that the viola can be an exciting solo instrument. In Bashmet's hands, it speaks and sings with passionate authority. He has an extraordinary gift – Russian, perhaps – for projecting music of an introspective cast, like most of the viola's repertoire, on to a large public canvas without compromising its character.

He did that nobly in the Bartók concerto; and it was pure gain, for in the concert hall this frail, autumnal piece requires nothing less than a magisterial soloist to hold it together. Had the composer lived only a month or two longer, the concerto would have been properly finished; in the event his disciple Tibor Serly had to piece it uncertainly together from a welter of sketches, and nobody supposes that Bartók's final version would have been quite like this one.

I thought Ashkenazy responded to Bashmet's style almost too eagerly. Until the finale the orchestral part, as it stands, is the merest support, and bringing it energetically forward only underlines its meagreness – better to retire in favour of the soloist. Fortunately, Bashmet's awesome command is proof against even well-meaning competition (always the most dangerous kind). But the conductor's way with Bartók had already, in the op. 10 *Két Kép* ("Two Pictures"), seemed too bluff and forthright: the heady, rapturous air of "In Full Bloom," the first Picture, was barely perceptible in his muscular lines and simple colours.

Those suited Kodály's "Galánta" Dances and his *Háry János* Suite much better. They went with a flair, and plenty of cheerful noise – though one has heard the Dances sound less blandly cosmopolitan, more closely in touch with the original (gypsy) material. It was slightly disappointing in *Háry János* that the cimbalom was more visible than audible, at least from where I sat: its inimitable ethnic twang belongs to the heart of Kodály's score.

David Murray

An Enemy of the People

NOTTINGHAM PLAYHOUSE

Ibsen's play has acquired an extra topicality now the quality of water has become a political concern, and Caroline Smith has done all she can to turn the little Norwegian failed spa into the pattern of a European nation.

Arthur Miller's version uses the language of current politics, and Ms Smith has given us a municipal mini-revolution. When Stockmann (Brian Ralph) tries to tell his meeting that the Health Institute, on which the town is to build its prosperity, will be better closed than offering polluted water, a dozen extras slink into the stalls and barrack with all the ignorant enthusiasm of an old-fashioned election crowd. This excitability colours most of the evening. There never was such a restless home as the Stockmanns', from his father-in-law to his young son Morten (Lee Barrett). Roast beef twice a day is for them a matter of high novelty; and I was relieved to see how, when the hot toddy was brought on, Stockmann took a look at both his sons before sending them off to their homework.

Even Derek Smith as brother Peter, Mayor and Chairman of the Institute, can show manners ill-suited to his official top-hat, both above and below the decent correctitude – public indignation and family bribery. When Hovstad, the weakly radical editor of the local paper (Doug Smith), takes the hand of daughter Petra (Sophia Winter) to make a point, she recoils at once with "Are you trying to hold my hand?" – and so emphasises Ibsen's restraint in not giving her an emotional sub-plot.

The only restrained characters are William Haden as the Captain and Freddie Lees as the habitually modest Aslaksen. The Captain is among the many who lose their jobs for supporting Stockmann in his quest but is very good about it. If they can't go to America on his ship, he will find another. The scene in which Hovstad tries to blackmail Stockmann into paying his paper to lay off their campaign is particularly uncharming. It is sad that Ibsen should have thought of his Norway in such colours.

Ann Penfold as Stockmann's wife Katrina is loyal enough to her husband, but her father, played by Roger Heathcott in the image of a North-country businessman, must have taught her in her younger days that woman do what they're told. His insider dealings in the last scene, whatever his unconvincing explanation, are as typical as the squalid water.

The general air of excitement suits this play at this time. Karen Bartlett's sets are eccentric; the door in the Stockmann's sitting-room always appeared to be opening backwards from where I sat.

B.A. Young

ARTS GUIDE

November 10-16

OPERA AND BALLET

London

Royal Opera. Covent Garden. One of the great masterpieces of post-Mozart Classical opera, Cherubini's *Médée*, returns to Covent Garden in a new production by Mike Ashman, conducted by Mark Ermler. It is – praise be! – sung and spoken in the original French, by a cast headed by Rosalind Plowright in the tremendous title role; others include Alexey Steblyanko, Claire Powell, Renee Fleming and Robert Lloyd.
Further performances of *Rigoletto*, in the Nuria Espert production conducted by Sian Edwards; cast changes in leading roles introduce Judith Howarth (Gilda) and David Rendall (Duke), and Brent Ellis back in the title role.
English National Opera, Coliseum. David Freeman continues his ENO Monteverdi productions with *The Return of Ulysses*. The conductor is Paul Daniel; Jean Rigby, Anthony Rolfe Johnson, Sally Burgess, Laurence Dale, and James Bowman lead the large cast. Further performances of Kurt Weill's marvellous Broadway opera *Street Scene* in David Pountney's staging.

Paris

Chatelet. *Fidelio* conducted by Lorin Maazel in a splendid Giorgio Strehler production with the Orchestre National de France and Warsaw's National Philharmonic Choir is co-produced with Teatro Alla Scala, Milan and Radio France (40282840).
Opéra. The Paris Opéra stars and ballet corps accompanied by the Opéra orchestra conducted by Michel Tabachnik present a Diaghilev evening - *Petrushka*, *Le Spectre de la Rose*, *L'apres-midi d'un Faune* and *Les Noces*.

Vienna

Staatsoper. The Warsaw National Opera, known as Teatr Wielki: *Die Gliederpuppen* by Manekiny (Fri, Sun); *König Roger* by Karol Szymanowski (Sat). Beethoven's Grosse Fuge, Brahms' Liebeslieder Walzer and Kettentanz by Strauss are conducted by Konrad Leitner (Mon). Ballet: *Ein Sommernachtstraum* conducted by Caspar Richter (Wed, Thur).
Volksoper. Programme includes *Die lustige Witwe* conducted by Konrad Leitner; *Wiener Blut*, *Eine Nacht in Venedig*, *Kiss me Kate*, *Ein Walzertraum*, *Hoffmanns Erzählungen*.

Brussels

Cirque Royal. Bejart Ballet Lausanne continues its Brussels tour with performances of *1789... et nous*, *Trois etudes pour Alexandre*, *A force de partir*, *Je suis reste chez moi*, *Hamlet* and *rites of spring*.
Théâtre Royal de la Monnaie. The Monnaie Dance Group Mark Morris in *New Love Song Waltzes* and other works choreographed by Mark Morris; the Monnaie Symphony Orchestra is conducted by Ingo Metzmacher.
Palais des Beaux-Arts. The Brussels Gilbert and Sullivan Society performs Offenbach's *Orpheus in the Underworld*.
Amsterdam
Muziektheater. The tokyo Ballet with *Bugaku* (Mayazumi/Bejart), *Seven Haiku of the Moon* (Part/Neumeier), *Firebird* (Stravinsky/Bejart) and *Tam Tam et percussion* (Blaska) (Fri), Sat, Sun 2 perfs). Ballet gala with international soloists and the Scapino ballet (Tue). (255 455).

Berlin

Opera. *Rigoletto* in Hans Neuenfels' production features Gwendolyn Bradley, George Fortune and John Sandor. The ballet premiere will have three pieces, jointly choreographed by Jose Limon, Anna Sokolow and Christopher Bruce. *Die Zauberflöte* will be conducted by Heinrich Hollreiser. *Die lustigen Weiber von Windsor* is a well done repertoire performance. *Aida* has Wilhelmina Fernandez making her Berlin debut in the title role with Giorgio Lambereti and Bruna Baglioni in other parts.

Hamburg

Opera. *Tosca*, the first premiere this season, produced by Giancarlo del Monaco, has a strong cast led by Leona Mitchell, Giacomo Aragall, Ingvar Wixell and Dieter Weller, conducted by Leonard Slatkin making his debut in Hamburg. *Magnificat*, danced to music by J.S. Bach has John Neumeier choreography. *Die Hochzeit des Figaro* has Gilles Cachemaille brilliant in the title role as well as Thomas Hampson, Roberta Alexander, Ning Liang and Eva Maria Terson singing other roles.

Bonn

Opera. *Aida* stars Grace Bumbry, Giorgio Zancanaro, Lando Bartolini, Francesco Ellero d'Artegna and Wilhelmenia Fernandez and is conducted by Bonn's music director Dennis Russell Davies. *Adriana Lecouvreur* in a concert version with Margaret Price, Bruna Baglioni, Giorgio Merighi, Bodo Brinkmann and James Wood.

Frankfurt

Opera. *Rigoletto* returns with Michael Lewis in the title role and conducted by Gary Bertini. The new fascinating and lively *La Finta Giardiniera*, by producer Robert Carsen, is also wonderfully sung by Pia-Marie Nilsson, Margaret Marshall, Alicia Nafe, Sonia Theodoridou and Werner Hollweg. Also offered *Isabelle's Dance*, a musical by William Forsythe.

Cologne

Opera. The first co-operation between the Düsseldorf Opera and Cologne Opera is the new Wagner Ring cycle, produced by Kurt Horres. This week's offering, *Das Rheingold*, saw heavy reaction against the "new bones" definition of the cycle when it opened. With a strong cast led by Robert Hale, John del Carlo, Mario Brell, Hanna Schwarz, Beatrice Niehoff and Anne Gjevang.

Stuttgart

Opera. *Tannhäuser* has fine interpretations by VerenaSchweizer, Ute Trekel-Burckhardt, Toni Kraemer and Matthias Hölle. *Elektra* a co-production with the Vienna Opera will have its premiere this week, produced by Harry Kupfer. The strong cast is led by Anny Schlemm, Deborah Polaski, Toni Kraemer and Wolfgang Schoene. Also *Andrea Chenier* and *Dornröschen*.

Munich

Opera. The successful Nikolaus Lehnhoff Ring cycle returns. This week's Die Walküre stars Julia Varady,Hildegard Behrens, Marjana Lipovsek, Robert Hale, Kurt Moll and Walter Raffeiner. *Der widerspenstigen Zähmung* has John Cranko choreography. The rarely played *Die Jungfrau von Orleans* in Harry Kupfer's production has e first-rate cast.

Barcelona

Lyric Opera of Chicago. *Eugene Onegin* opens the season at the Liceu, in the production conducted by Emil Tchakarov. Mirella Freni, Denes Gulyas and Wolfgang Brendel, lead roles. Gran Teatre del Liceu.

Rome

Teatro Olimpico. The National Thai Dance Company performing traditional dances (Wed, Thur) (393304).

Turin

Teatro Regio. Autumn season opens with a new production of *Rigoletto* by Lamberto Puggelli, conducted by Maurizio Arena, with Luciana Serra, John Rawnsley, Rita Susovsky and Oddino Bertola (8815241).

New York

Metropolitan Opera. The week features the first performance of the season of *Die Frau ohne Schatten*, in Nathaniel Merrill's production, with Eva Marton, Marilyn Zschau and Robert Schunk, conducted by Christof Perick. Continuing are *Rigoletto*, *La Traviata* and *Il Barbiere di Siviglia*. Lincoln Center Opera House (362 6000).

Chicago

Lyric Opera. Kiri Te Kanawa sings Elisabeth, Tatiana Troyanos is Eboli and Samuel Ramey is Philip II in the premiere of Sonja Frisell's production of *Don Carlo*, conducted by James Conlon, while performances of *Samson et Dalila* continue. Lyric Opera (332 2244).

Washington

Washington Opera. Ruth Ann Swenson is Lucia and Jerry Hadley is Edgardo in Roman Terleckyi's production of *Lucia di Lammermoor*, playing in repertory with *Cosi fan Tutte*, conducted by Leon Fleisher in Jean-Pierre Ponnelle's production with Elizabeth Holleque as Fiordiligi, Deidra Palmour as Dorabella and J. Patrick Raftery as Guglielmo. Kennedy Center Opera House (416 7800).

Tokyo

Ballet National de Marseilles. *Ma Pavlova*. Roland Petit's new ballet stars himself and Dominique Khalfouni. Bunkamura, Orchard Hall (461 0300).
Vienna State Opera. *Wozzeck*, conducted by Claudio Abbado, with Franz Grundheber, William Cochran, Dunja Vejzovic. NHK Hall (725 8888).
Yuzuru. Written by Ikuma Dan, this is one of the best and most popular Japanese operas. Nissei Theatre (503 3111).

SALEROOM

World record for Kooning

"Interchange", an abstract by Willem de Kooning, sold for \$20.68m (£13m), at Sotheby's New York on Wednesday night, a record auction price for a work by a living artist. It beat the \$17m paid last year for Jasper John's "False Start."

De Kooning was born in Rotterdam in 1904 but has lived in the US since the 1920s and is an American citizen. One of the early Abstract Expressionists, he painted "Interchange" in 1955 when he was interested in portraying abstract human figures in an urban landscape. Measuring 79 by 69 inches it is a fluid mix of reds, yellows, blacks and creams, in violent confusion. Two more de Kooning abstracts did well,"Untitled III" of 1976 making \$3.52m as against a \$950,000 top estimate while "Untitled," an abstract landscape painting of 1961, went for \$3.52m.

"Interchange" carried a top estimate of \$6m but the Japanese dealer-cum-collector Mountain Tortoise so wanted it that a new record was established. There was plenty of Japanese interest in an auction of 74 lots which totalled \$98.285m (£61.98m), with only 8 per cent unsold. Another Japanese dealer acquired "Black Area Reds," a typical Mark Rothko with a black stripe over a red background, for \$3.63m, a record for Rothko.

"Two flags," a favourite subject of Jasper Johns, sold for \$12.1m to Bo Alderyd, a Stockholm dealer who operates out of Switzerland, and the \$5.06m paid for "Tomlinson Court Park," one of Frank Stella's Black paintings, was a record for him. In all 19 paintings topped \$1m and 12 artist records were set, including highs for Kenneth Noland (\$2m); Cy Twombly (\$1.7m); Robert Motherwell (\$1.1m for one of his Spanish elegies); Georg Baselitz (\$797,500); and Jim Dine (\$660,000).

Christie's South Kensington set a world record for a camera yesterday when Luigi Garibaldi, an Italian private collector, bid £26,400 on the telephone for a Leica 35mm camera actually made last July. It was a special one off, with many technical extras, produced to commemorate 150 years of photography and 75 years of Leica. The previous best for a camera, £21,000, was set by Christie's SK twelve years ago.

A wooden doll, 29½ inches high, made around 1735, with rouged cheeks and bulbous black eyes, sold for £35,200 yesterday at Sotheby's sale of the vast doll collection of the late Mrs Marianne Bodmer. A wooden German doll of around 1815, estimated at £2,500, sold for £24,200 to Dolls of Yesterday, the London dealer.

Antony Thorncroft

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Think again, Mr Wakeham

AN UNCONSCIONABLY long time has had to pass before the Thatcher Government has admitted its mistakes. But it has done so at last. It now recognises not only that National Power will not fly in the private sector if it is burdened by the existing nuclear power stations, but that nuclear power as a whole is uneconomic, at least in the UK.

Mr Wakeham has yet another confession to make. The case for splitting the Central Electricity Generating Board into just two generating companies was that only large companies could cope with the nuclear power obligation; the case against this duopoly was that it severely reduced the likelihood of true competition in electricity generation. The case against now wins by default.

The Government should now follow the logic of its own admission on nuclear power and restructure the industry on more competitive lines. It should also reconsider the eight year restrictions on competition, which were designed to protect the distributors from the loss of customers trying to evade the nuclear levy.

In the absence of such modifications, the Government will be guilty of letting an arbitrary time table dictate the structure of the country's most important industry – perhaps in perpetuity, even though that structure clearly lacks all justification.

By showing that the old policies on nuclear power were huge mistakes, privatisation has, once again, proved its worth. That benefit does not, however, justify rushing headlong to burden the country with new mistakes. Still more rethinking and then restructuring is now required.

Fine-tuning the Brady plan

WHATEVER interpretation one puts on Lloyds Bank's decision to increase its Latin American debt provisions, it is hard to see the exercise as helpful to the current version of the debt strategy of US Treasury Secretary Nicholas Brady. The Mexican debt package is the immediate focus of the Brady plan. It depends heavily on a proportion of Mexico's existing lending banks taking the option of putting up new money, instead of writing down principal or interest on existing debt. Lloyds has yet to make its final decision; but the greater its provision for existing Latin American debt, the harder it becomes to justify to shareholders making an advance against which it would have to make a simultaneous draconian provision. And there will be pressure on those of its competitors that have sufficient capital to follow suit.

Lloyds' move will not, then, be welcome to the pro-Brady camp. It also implies an extraordinarily gloomy view of Latin American economic prospects. The number of countries now delaying interest payments has admittedly escalated, but it is hard to believe that Lloyds will receive only 15 per cent of the principal of its outstanding medium and longer term loans to these countries. And within that overall figure there are some borrowers whose debts have been provided against in full.

Yet Lloyds has not gone as far as J.P. Morgan in the United States, which recently provided 100 per cent against its relatively small Latin American debt portfolio. And in the longer run these oversize write-downs may be a step in the direction of greater realism on Third World debt generally.

Both the Baker Plan and the Brady Plan rested on a formula that involved calculating the amount of new money required and then sharing out the burden between the banks and the international institutions. Yet the banks are understandably reluctant to make loans which which are no sooner made than devalued and are increasingly divided on any given case. The resources of the IMF and the World Bank are too slender to help much in smoothing negotiations.

More fundamentally, there has been a reluctance on the part of policymakers to accept that lending more money to pay interest on old loans fails to address the real nature of the problem, which is one of excessive debt in relation to any realistic estimation of the debtor countries' servicing capacity. The priority should be to reduce both principal and interest on the debt to a level compatible with the underlying growth potential and debt servicing capabilities of the debtor countries in more normal circumstances. For there is no sense in allowing development finance to become hostage to the distortions and imbalances created by the historic bungle of petrodollar recycling. The sooner we leave the consequences of that aberration behind us the better.

It may well be that the new round of write-downs will make that task easier. Not that there will be a quick resumption of large private capital flows or reversal of capital flight. That will take not only time but sound policy, which is where the IMF and World Bank continue to have a crucially important role. But if, by default, we have come closer to a private sector solntion, it may not be such a bad thing.

Democracy in Namibia

THERE IS now a bare handful of African countries that can claim to be multi-party democracies. When the international caravan overseeing Namibia's transition to independence moves on, there will be doubts that the country's new leaders will prove to be one of the exceptions to the rule – unless the outside world continues to monitor and support the democratic process.

Voting for the 72-member constitueot assembly is being scrutinised by a 6,500 strong UN force of soldiers and civilians, accompanied by hundreds of journalists and other observers. The assembly will draw up the constitution in time for independeoce next April. The likely winner is the South West Africa People's Organisation (Swapo), led by Mr Sam Nujoma. Swapo, either by itself or tbrough alliances, is also likely to command a two-thirds majority in the new assembly. This will allow it to draw up the independence constitution. All the main parties have committed themselves to including in the new constitution a bill of rights which will include freedom of association and expression.

The problem comes after the international spotligbt has passed from Namibia. Should Mr Nujoma cboose to move down an authoritarian path, it will be very difficult for dissenting Namibians to stop him. Any such development will damage prospects for peaceful cbange in Soutb Africa. It would confirm tbe worst fears of white Soutb Africans and harden tbeir resistance to change.

While the international community cannot stop an overthrow of democracy in Namibia, it can he made more difficult. The first step is to continue monitoring the constitutional and buman rights record of the country. Here the Commonwealth can begin to restore some of the credihility it has lost hy focusing on the evil of apartheid in South Africa and overlooking abuses elsewhere on the continent. The Commonwealth heads of government who met in Kuala Lumpur last month belatedly agreed that it was necessary to strengthen "democratic institutions in member countries." It should start by playing a watchdog role in Namibia, which is expected to join the Commonwealth.

A similar function could be performed by the UN, redressing its mixed record on Namibia. The world body unwisely gave Swapo the status of sole representatives of tbe Namibian people, and turned a blind eye to the party's misuse of funds intended for Namihian refugees in Angola and Zambia, and to the torture of dissident members held in Angola.

Perhaps the most effective sanction is financial. The new Namibian government will be seeking assistance from tbe donor community. It deserves belp in efforts to redress tbe inequalities left by South Africa's occupation of the territory. But it should be made clear to tbe new government that aid to post-independence Namibia will be linked to its human rights record.

Max Wilkinson on the removal of reactors from the UK electricity flotation

The end of a nuclear dream

The Thatcher Government yesterday drew a line under the costliest failure in Britain's industrial history: the attempt to develop an economically competitive nuclear power industry. The decision, announced yesterday, to withdraw the 14 civil nuclear reactors from electricity privatisation and to drop the programme for a "family" of four new pressurised water reactors (PWRs) is a final admission, 34 years after the civil nuclear programme was launched, that the costs are hopelessly uncompetitive.

It is a failure which will not surprise observers in the US where, with notable exceptions, nuclear power has proved to be a commercial disaster, and the programme came to an effective halt a decade and a half ago.

However, this does not mean that nuclear power is inherently uncompetitive. France, which now produces 75 per cent of its power from 50 nuclear reactors, has brought costs down to a highly competitive level. In Japan and West Germany too, the nuclear programme has been technically efficient and potentially cost effective according to an authoritative recent study from Sussex University*.

But in Britain, after two decades of wrangling about which brand of nuclear reactor should follow the first generation of Magnox plant, the first American-designed PWR is only now being built at Sizewell in Suffolk. This will be continued only because it is thought more expensive to abandon the £1bn sunk into the project (more than half of the total) than to accept losses stretched over the next 25-30 years of its life.

Confidential figures provided by the Central Electricity Generating Board to the Government suggested that the cost of power from the PWR, at 9p per kWh (one unit of electricity), could be almost three times that from the most efficient coal-fired plant. Since no private sector industry would finance a project with such a cost disadvantage, the Government was forced, in its original privatisation plans, into a series of regulations which would have created long-term distortions in its new electricity market.

The most important were the requirements that the 10 area distribution companies sbould be ordered to buy a minimum of "non-fossil-fuel" electricity, and that the nuclear programme would be subsidised hy a "non-fossil-fuel levy."

The latest projections by some of the Government's advisers suggest that this levy – a euphemism for a nuclear tax on electricity producers – would have risen to perhaps 1p per unit, or more than 25 per cent of the average wholesale cost of power. This levy would be in addition to substantial guarantees which the Government was being pressed to give to meet unexpected costs for decommissioning old plant. Even in the last 18 months unexpected additions to projected decommissioning costs have dwarfed totals budgeted earlier.

This summer, as the two generating companies, National Power and PowerGen moved to action stations for the final battle over contract terms for supplying the 12 area distribution companies, the nuclear levy bulked as a larger and larger obstacle. A 5 per cent or even a 10 per cent surcharge might have been absorbed without too much difficulty. But a levy approaching a quarter of electricity costs would seriously undermine the competitive position of the distribution boards, and make them unattractive to investors.

The reason is that a new generation of small gas-powered turbines has become available in recent years, offering low capital costs and very high efficiency. Some experts claim that a modern two-stage gas turbine which would take only three years to build, could provide power at well under 3p per unit. In the new competitive world, even medium-sized industrial companies or industrial estates would be tempted to build their own plant to escape the nuclear levy. So in the next decade or so the distribution companies would face the loss of a large part of their customers.

To protect the distributors, the Government agreed to restrict competition in the first eight years after privatisation, guaranteeing the distributors a monopoly of all customers using less than 1MW for the first four years and a monopoly below 100kW for the next four years.

But additional restrictions would be needed to frustrate the do-it-yourself aspirations of industrial companies for building gas turbines on their own sites. Until a few weeks ago the Government was wrestling with the unattractive question of whether firms should be forced to pay a nnclear levy even when generating for their own use on their own site. This would provoke a roar of protest from those big companies which will anyway face a 10-15 per cent price rise as a result of the withdrawal of concealed subsidies.

Why did the tide of nuclear costs rise so fast witbout Ministers apparently realising that it would wash away tbe supports of privatisation? They can hardly claim they were not toldIn addition to a flood of warnings from independent analysts, the Energy Department was receiving disturbing signals from the CEGB and its bankers more than 12 months ago. A letter sbowing the CEGB's mounting exasperation was sent by Mr John Baker, managing director, to Mr John Guiness, deputy secretary of the department, in January.

The first draft said: "There are very intractable problems in the nuclear area . . . " It complained that the department refused to discuss an overall strategy and warned: "We are not sure you fully appreciate the range of risks to which National Power might be exposed . . ."

But on April 20 Mr Michael Spicer, the junior Energy Minister, was able to rise to his feet at tbe Britisb Nuclear Forum and proclaim: "In the middle of all tbe advice swirling around them, the Government stands firm in its belief in tbe future of nuclear power and of a thriving privatised electricity supply industry."

By July, the Government had realised that the old Magnox stations with little prodnctive life left and uncertain decommissioning liabilities would have to be withdrawn. But Mr Cecil Parkinson told the House of Commons that the newer Advanced Gas-cooled reactors were showing a marked improvement in operating performance.

In bis last statement as Energy Secretary, Mr Parkinson said: "Therefore we have good reason to believe that the AGRs will have a long and successful future in the private sector." And he confirmed that the Sizewell PWR would be followed by three more private sector PWRs.

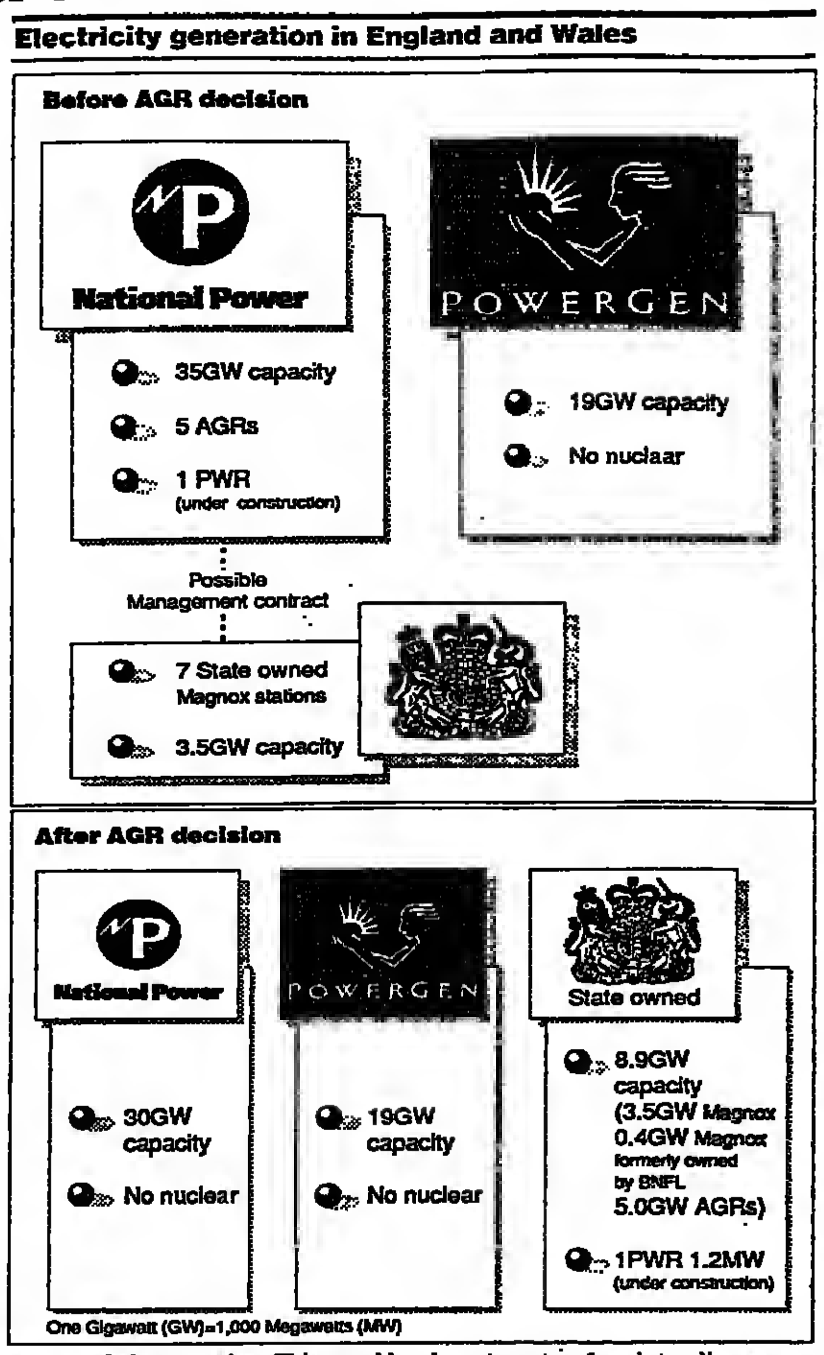
The rise in costs reflects construction and regulatory difficulties, which forced the CEGB to add £170m to its estimates of the total Sizewell cost. It also follows from the much higher required rate of return on capital in the private sector – at least 8 per cent compared with 5 per cent – wbeo the plant was planned. But the most damning indictment of the CEGB is that cost estimates also rose when outside bankers, economists and advisers started to comb through the figures in preparation for the sale. In the end, however, it was the uncertainties as much as the level of costs which caused a near rebellion among City advisers, which have watched US private utilities being driven to the edge of bankruptcy by nuclear financial liabilities. With subsidies at such a high level, the City was asking why future British Governments should be trusted any more than the many US regulatory commissions which reversed their support for nuclear projects when costs rose, leaving utilities in the lurch.

The transfer of the nuclear stations into a state-owned corral will do nothing to solve these cost problems nor the continuing doubts about whether the AGRs can be made to run at about more than half throttle. However, it removes the great overhang of risk and will allow the Government to make more flexible judgments about who should bear the extra costs, taxpayers or electricity consumers – possibly through a reduced levy.

It leaves an industry with only two generating companies, rather ill-matched, instead of the three or four needed to provide effective competition. But that is a problem which the Government is not prepared even to reconsider. The only consideration is to get the show on the road in some sort by next autumn. And most advisers agree that without the nuclear millstone this mission will be achieved.

The realities of Nuclear Power by Steve Thomas, Cambridge University Press £35.

Electricity generation in England and Wales



1947: UK's first atomic reactor opens at Harwell
1953: British Electricity Authority (CEGB's forerunner) forms nuclear power branch
1954: UK Atomic Energy Authority established
1955: First nuclear power station programme launched; Government orders Magnox-type plants with combined capacity of 2,000MW
1956: Calder Hall, Cumbria, world's first large nuclear power station connected to grid; also produces plutonium for atomic weapons
1957: Nine Magnoxes ordered following Suez oil crisis (last reactor commissioned 1971)
1962: First commercial Magnoxes, Berkeley, Glos., and Bradwell, Essex, open
1962: Switch to Advanced Gas Cooled reactors (AGRs). First five AGRs ordered – Dungeness B, Hinkley Point B, Hartlepool, Heysham and Hunterston B
1965: Three more Magnoxes – Trawsfynydd, Hinkley Point A and Dungeness A - operational
1966: Sizewell A (Magnox) operational
1971: Wylfa A, last Magnox, opened, marking end of UK's first nuclear power programme
1976: First AGRs commissioned – Hinkley Point B, Hunterston B
1978: CEGB and SSEB told to order one new AGR each
1979: Incoming Conservative Government says 10 new nuclear power stations should come on stream at rate of one a year between 1982 and 1992
1981: Commons Energy Committee questions need for so many new nuclear plants; Government reaffirms its programme. (France catches up with US in manufacture and export of PWR). CEGB decides PWR is better than AGR
1983-85: Longest ever public inquiry on bid to build UK's first PWR at Sizewell, Suffolk
1987: CEGB wins Sizewell inquiry, starts work and applies for second PWR at Hinkley Point
1988: Government announces electricity privatisation and intention to sell CEGB's nuclear power stations as part of National Power and Scottish plants as part of SSEB
1989: March, CEGB announces early closure of Berkeley, oldest Magnox plant
1989: July, National Power announces intention to build third and fourth PWRs at Wylfa and Sizewell
1989: July 24, Magnox stations pulled out of privatisation
1989: November 9, AGRs and half-built Sizewell B PWR withdrawn from privatisation. Government says they will be run by new public sector nuclear electricity company. National Power told to reconsider plans for remaining PWRs

Maurice Samuelson

OBSERVER

Montagu has style

■ Whenever David Montagu attends a Cartier board meeting, be slides back a fashionable cuff to flash an unfashionable Seiko at fellow directors. His Japanese watch costs only a fraction of the price of a Cartier timepiece – or one from Piaget or Baume & Mercier, the even more luxurious Swiss borologists which joined the Cartier empire last year. Moreover, if anything goes wrong, he explains, he can throw it away.

Montagu's common touch belies his blue hlood – he is heir to the third Baron Swaythling – and a long and eventful City career. Despite a record of ahrupt departures, his position as executive chairman of Rothmans International appears to be in no immediate danger from yesterday's move by Richemont, the Swiss-based vehicle of the South African Rupert family, to take majority control of the tobacco group.

At 61, Montagu has had more than his share of top City jobs. After helping to invent the split-level investment trust, a financial structure whicb still leaves lesser minds reeling, in 1970 he became the first Montagu since before the Second World War to head the family's merchant bank, Samuel Montagu.

When Midland Bank bought Montagu in 1973, he spent nearly six years as bead of Orion Bank, before departing in a disagreement over future ownership. Less tban a year later, he and John Craven (now figbting to retain Morgan Grenfell's independence) left Merrill Lynch International in similar circumstances.

Down to earth

■ The man on the crowded Underground platform at Green Park station yesterday afternoon was probably just as impatient as his fellow passengers, but at least be had the consolation of knowing that they no longer could blame him if the trains were not running on time. The former Transport Secretary, Paul Channon, appears to have adapted to life without ministerial perks. Like a veteran straphanger, he squeezed into a packed Victoria Line carriage, and was away, leaving the less agile to await the next train. Asked to comment, he mumhled politely.

Not Mecca

■ The opening of the frontier between Libya and Egypt for the first time in over a decade last summer turns out to have had one unexpected effect. Some 25,000 Libyans travelled from their country on the annual pilgrimage to Mecca. Only 4,000 reached Saudi Arabia. It appears that fully 21,000 were waylaid by the more earthly pleasures of Cairo.

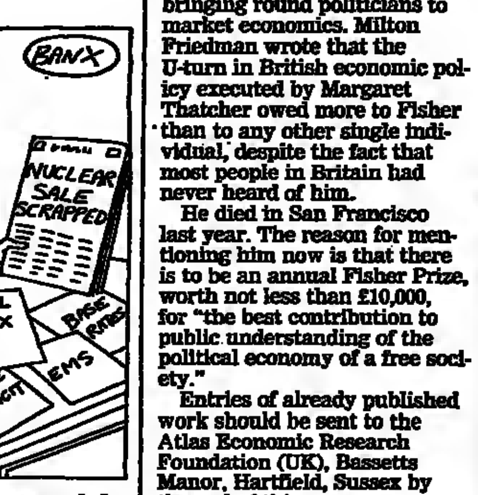
Pop in La Paz

■ Bolivia, not the richest country in the world, may be about to make some money. Its Government is suing for plagiarism.

Dance floors across Europe have been swaying to the salsa rhythm of Kaoma, the latest offering from the Frencb pop group, Lambada. The record has been top of the hit parade in France and Spain for 13 weeks and is now climbing the charts in Britain.

The Bolivian Government, bowever, says the French have stolen the tune from Krakas, a La Paz band whicb composed the folk song in 1986. A spokesman at the London embassy said there may be a claim for $1m damages. "Action is being taken in Bolivia. The Government is concerned that Bolivian music is being played by others without any credit to the country of origin. It was made in Bolivia and they have no permission to use it."

CBS records, which acts for Lambada, said the Bolivian claim bad already come before courts in France and a result is imminent. A CBS spokesman added: "I had no idea it was the national anthem. I'm fairly ignorant about this Bolivian thing."



"Et tu, advanced gas-cooled reactors?"

Fisher Prize

■ The late Sir Antony Fisher was effectively the founder of the Institute of Economic Affairs. He wanted to go into politics, but was talked out of it by Friedrich Hayek.

Fisher had read Hayek's Road to Serfdom, and been mucb impressed. Hayek then told him that the first task was to persuade the intellectuals: "It will be their influence on society which will prevail; the politicians will follow."

Fisber took tbe advice and went ahead and made money out of farming. The IEA was founded on the profits of his Buxted chicken business. Thereafter he played a self-effacing role, letting the intellectuals get on with the job of bringing round politicians to market economics. Milton Friedman wrote that the U-turn in British economic policy executed by Margaret Thatcher owed more to Fisher than to any other single individual, despite the fact that most people in Britain had never heard of him.

He died in San Francisco last year. The reason for mentioning him now is that there is to be an annual Fisher Prize, worth not less than £10,000, for "the best contribution to public understanding of the political economy of a free society."

Entries of already published work should be sent to the Atlas Economic Research Foundation (UK), Bassetts Manor, Hartfield, Sussex by the end of this year.

El Vino's

■ Tomorrow's Lord Mayor's Show in London marks the 800th anniversary of the office, although there have been only 661 Lord Mayors so far. The 662nd will be Sir Hugh Bidwell of Allied Lyons. He is the fifth this century to be a wine merchant.

Bidwell will be presented with an 1879 Amontillado, specially bottled to mark the centenary of El Vino's 10 years ago. The connection is that a previous Lord Mayor – Alfred Bower in 1924 – was the El Vino founder.

Bower's original wine company was called by his own name. He was obliged to change it when he became Lord Mayor and chose El Vino because that was already registered as his sherry trade mark. And that is how El Vino's - famous in the City as well as Fleet Street – was born.

The sherry will be given to the new Lord Mayor by the Tory MP, Sir David Mitchell, who helps to run El Vino's today and is the grandson of Bower.

POLITICS TODAY

Striving for the (nearly) impossible

By Joe Rogaly

"WHY", an infuriating but perspicacious reader asked the other day, "do you now keep hinting that Labour may yet come to stand a chance of victory at the next British general election? Just a few months ago you demonstrated conclusively that it was mathematically impossible for them to win. Is it, or isn't it?"

The first and most important thing that has changed, smartypants, is that something impossible keeps happening somewhere in the world every day. At the start of the year the South African government seemed immovable; now it appears flexible and most observers expect that Mr Mandela will be released early in the New Year. We have a black Governor in Virginia and a black mayor in New York. Solidarity takes power in Poland. Hungary gallops towards establishing itself as a capitalist liberal democracy. Earlier this year, when I visited East Berlin, the regime seemed set in concrete as hard as that which still binds Romania. German re-unification was said to be not on anyone's agenda. Now it is on everyone's agenda and the bricks on the Berlin Wall itself may soon begin to crumble.

It is plain, therefore, that in politics nothing is impossible. Yet a Labour victory next time remains as close to impossible as you can get. It requires not so much a political landslide as a political miracle. Let us remind ourselves of the mathematics. There are 650 MPs in the House of Commons. Labour has 229, which means that it needs 97 more to win an overall majority, and 100-plus to win a working majority. It may pick up a few of these in Scotland and Wales, and a few more in the north of England, but for the most part it must build up its hundred in the midlands and south. A recent regional poll by the Press Association suggests that it is doing best where it least needs to, and worst in the south, where it must have a substantial number of victories. Private assessments of local council by-elections indicate that while Labour is troubling the Tories in the midlands it is not yet chalking up the necessary successes in the south-east.

The mathematics can be put another way. For Labour to gain enough extra seats to form a coalition with the remnants of the smaller parties the swing from the Tories will have to be twice as big as any since 1945. To win the 100-plus extra seats necessary for an overall majority Labour will have to do three times as well as its best in the past 45 years. Current opinion polls suggest that if the election was held today such a miracle would be guaranteed, but the election is not being held today. It need not be held until mid-1992. That gives all of the coming two years, plus a half, to the Tories. They could use it as time in which to recover.

Will they? Consider first the reasons why they may. There is now a strong Cabinet, with several powerful, suitably telegenic, ministers to place before the public eye. Never mind how they got there. The Foreign Secretary, Mr Douglas Hurd, looks like a proper Foreign Secretary and will surely do well. Mr Chris Patten writes and speaks excellently; his danger is that as Environment Secretary he will be drowned by pollutants labelled "water privatisation," "poll tax" and "artificial rows with Brussels." The new Chancellor, Mr John Major, should not be underestimated. He is not a rousing public performer, but he is intelligent, a hard worker, and determined to demonstrate that he is not subservient to the Prime Minister. In electoral terms he is probably an improvement on his predecessor, since he is little-known and therefore neutral, while Mr Nigel Lawson was well-known and unpopular.

It is also just possible that Mr Major will enjoy the good fortune of arriving at the Treasury just as Mr Lawson's squeeze on private spending begins to work. If the next three sets of monthly trade figures are as bad as the last three the Government will be hard-pressed not to panic, but the worst may be seen to be over before that. Think ahead to, say, June. If by then Mr Major's efforts, plus those of the US Federal Reserve, produce a British rate of inflation approaching 5 per cent, plus a mortgage rate in single figures, the Tories will be close to invincible.

It is, of course, a big if. The doubt about the economy is one important reason why it is now possible – just – to imagine Mr Neil Kinnock leading Labour to a miraculous victory. There is, however, another reason why the Tories may find it difficult to recover. They have become accident-prone. This applies to the conduct of business-as-usual as much as to the great public farces that accompanied the removal of Sir Geoffrey Howe as Foreign Secretary and the resignation of Mr Lawson as Chancellor. The Government's resistance to the ambulance drivers' pay claim makes sense in terms of fighting public sector wage inflation but, so far, it is the union that has demonstrated the greater ability to win the political argument. Yesterday's climb-down on the nuclear sector of the electricity privatisation programme is a devastating indictment of both the Government's strategy and the hopeless muddle made of it by the previous Secretary of State for Energy, Mr Cecil Parkinson.

Mr Parkinson is now in charge of transport. He is beginning to get to grips with it, following a period of recovery from the shock, first, of being removed from energy and then of witnessing the retrospective rubbishing of his period of office there by the tidying-up activities of his successor, Mr John Wakeham. He has also been obliged by his new department to accept that transport is a difficult problem. Now he is about to be put to the rack as logic and the Confederation of British Industry demand a heavy investment of taxpayers' money in transport infrastructure, while his own and the Prime Minister's instincts gag at the notion and the Treasury puts the brakes on anyway.

These are perhaps passing troubles. The Conservatives should be more concerned about the fact that they seem to be running out of big ideas. Where is their great radical revolution now? They may yet propose the privatisation of British Rail, but for the moment they are running scared. Ditto any further liberalisation of the market for rented housing, or greater tightening of social security, or the introduction of a per-mile road usage charge. The new big idea may be the ten-year plan for protecting the environment, which Mr Patten is preparing for the Prime Minister, and which she advertised at the United Nations on Wednesday. This has already led to tense initial exchanges between the Environment department and Transport, Energy and Agriculture. It may have to roll the frontiers of the state forward again if it is to be credible.

Their greatest concern of all – and one that gives Mr Kinnock his hope of a miracle – lies in the display of disunity and confusion that the Cabinet has presented to the voters over the past few months. This may be curable, since the Prime Minister appears to have accepted that a majority of ministers are not only non-Thatcherite but in some cases on the distinctly liberal wing of the party. Mr Hurd and Mr Major both understand very well indeed that she would find it extremely difficult to sack them, which means that they can lead a movement to insist on the restoration of collective decision-making by the Cabinet.

That at any rate is the picture painted by optimistic supporters of both the Government and Mrs Thatcher. What spoils it is everyone's knowledge of the personality of the Prime Minister herself. She just cannot help offering what she calls *strong leadership or conviction* politics. Just imagine the scene.

It is, shall we say, March 1990. Sterling is falling sharply. Mr Hurd presses strongly in Cabinet for a more pro-European Community stance, and he is supported more effectively by Mr Major, who is trusted as "sound" by the Prime Minister, than was Sir Geoffrey by Mr Lawson. Mrs Thatcher, her own sweetly reasonable self, assents to the general opinion and agrees to indicate an early date for British membership of the exchange rate mechanism of the European Monetary System. Cabinet unity is maintained. But is it? We all know the Prime Minister by now. In such circumstances, she would find it excruciatingly difficult to prevent herself from bursting out, in a Parliamentary answer, or a speech, or through one of her advisers, that the agreed decision was wrong, all wrong.

Short of a period of 30 months of uninterrupted economic gloom it would require such an event to propel Labour into power. It is here, in the volatile nature of Mrs Thatcher when it comes to matters about which she feels strongly, that the danger to Government unity and therefore Tory victory lies. This is a wholly unpredictable matter. The only honest answer to the question everyone keeps asking in a dozen different ways – "Is she finished? On the way out? Going soon?" – is "I don't know." Nobody knows. Even the Prime Minister herself is unlikely to know, unless she has already made up her mind in private. She certainly didn't look like someone on her way out this week, as she dashed off to New York to address the UN on Britain's plan to save the world environment.

The question remains important. Just half a year ago, on the tenth anniversary of Mrs Thatcher's arrival in 10 Downing Street, nobody would have thought to ask it. It seemed quite plain then that she was there into the early 1990s at least, following a fourth general election victory in 1991 or 1992 and that she might well stay on for a fifth and sixth and lead the New Century Eve celebrations on December 31, 1999 at the perfectly respectable age of 75.

Now she appears to accept that this is not to be. She may fight one more election, but her own belief, as set out in her interview with the Sunday Correspondent at the weekend, is that while she hopes to lead the party to the polls next time, she does not think it is likely that she would fight a fifth general election. She may or may not go next month, or next year – but the prospect of someone else taking her place as Prime Minister is now a real one. The question of when, or whether it is Mr Kinnock or another Conservative, is now more than ever in her own hands.

LOMBARD

The disappearing adviser

By Barry Riley

HOW CAN YOU protect investors by driving independent advice out of the market place?

It is not yet quite as bad as that, but it soon will be. Some 18 months after the main provisions of the Financial Services Act came into force the availability of independent financial advice in the high street is under severe pressure. Royal Bank of Scotland and Nationwide Anglia Building Society, with some 1,700 branches between them, are the latest important defectors. Pleading that customers do not understand or respect the need for independent advice, they are turning their national chains of branches into tied outlets for the investment products of two life companies.

Only National Westminster Bank and one or two medium-size building societies (led by the 250-branch Bradford & Bingley) are still flying the independent flag. If they give up the struggle, independent, unbiased advice will be available only through the back-street offices of the 8,500 members of Fimbra, the self-regulatory body which supervises independent financial advisers, and through non-specialist insurance brokers, solicitors and accountants.

Not only are the numbers of Fimbra members still shrinking, but they are focusing more and more on the wealthier section of the population – as do solicitors and accountants. Rich clients may still get advised about the best opportunities on the market, but the average customer for a routine investment product is nowadays most likely to be sold an in-house vehicle.

Is this what was intended when the FSA was devised? Did the new regulators really expect that the "polarisation" rule, which lays down that an adviser cannot sell both an in-house and a third party product, would have such a devastating impact on independent advice?

The next stage will be the disappearance of dozens of life assurance and unit trust companies which in the past have sold through independent advisers but are now rapidly losing their outlets. Perhaps the removal of a few of these companies from an over-fragmented market will not do any harm. But the process could go much further than anyone is expecting. Commercial success will in future be determined very largely by distribution power, not by quality of the product.

Already the struggle for outlets has led to a bidding-up of commissions paid to intermediaries, compared to the old maximum commission scale laid down by Lautro, the body which regulates life company marketing. Some of the big building societies are now getting 170 per cent of the scale from their tied offices. This can only mean that the customer will be paying more to get less.

Ironically, polarisation was originally introduced – on the recommendation of the life industry – to prevent this kind of bidding-up. When the rules were drawn up commissions on independently selected investments were fixed but commissions on tied products could not be, because of the complexity of the business relationships involved. Therefore when commissions on tied business went up, as they inevitably would in a highly competitive market place, it could not be expected that "best advice" would be given in an unbiased way. Polarisation was a drastic method of avoiding this conflict.

But as it has turned out the Government has insisted on the scrapping of the commissions scale. The regulators will in any case need to devise new ways of policing the market to prevent commissions bias. If so, should not the opportunity be taken to scrap the polarisation principle, which besides being damaging in its broader effects is now largely redundant in avoiding conflicts at the point of sale?

If the current reshaping of the investment industry had been foreseen when the rules were being devised four or five years ago it is hard to imagine that the polarisation concept would have got beyond the first working party. But turning the regulatory supertanker around at this stage will take a lot of horsepower.

LETTERS

Auditors are watchdogs, not bloodhounds

From Mr Howard Davies.

Sir, In your leader on the High Court judgement on local authority interest rate swaps (November 8) you say you find it strange that the Audit Commission, having received conflicting legal opinion on local authority powers in this area, "chose to run with the opinion that encouraged continued swap market activity."

This seriously misrepresents the nature of the legal opinions we received and their impact on the market place.

When the commission sought clarification from counsel of the powers available to local authorities in 1988, three opinions were forthcoming. The first, from leading and junior counsel together, agreed that interest rate swaps were generally beyond the powers of local authorities and that intermediary and deep discount deals (which were causing auditors the most concern at the time) were *ultra vires*. The second, from leading counsel alone, advised that so-called "parallel contracts," whereby transactions in which obligations under a swap may be used to hedge the position on an individual loan, could be lawful. The third opinion, from junior counsel alone, took the view that those, too, were unlawful.

These opinions were circulated to auditors who were advised not to depart from leading counsel's view unless and until the issue were decided by the courts. I believe this was reasonable, particularly against the background of other opinions given to local authorities to the effect that their powers were far more extensive. Copies of all three opinions were also made available to market participants.

But applying the view of leading counsel did not "encourage dealing." Far from it. None of Hammersmith & Fulham's deals were consistent with that view. And, although our knowledge of local authority activity in this field is far from complete, I suspect that few deals done by other councils are consistent with it either.

It is important to be clear, too, that the Audit Commission's own role is limited. Local authorities and others who deal with them have the prime responsibility for assessing the lawfulness of their transactions. The commission's duty is to advise auditors who, as successive court judgements have confirmed, are "watchdogs not bloodhounds." They are not normally consulted before deals are undertaken, and are therefore bound to act after the event.

Howard Davies
The Audit Commission for Local Authorities in England and Wales
1 Vincent Square, SW1

Equity at work

From Mr David E. Reid.

Sir, The conglomerate faces special problems in establishing employee share participation schemes. Ideally, an employee (whether or not a director) should be offered special access to equity in both the corporate parent company and in the subsidiary for which he/she works. But pressure groups representing institutional investors oppose employee participation in the equity of subsidiaries of a corporate parent.

This is hampering the efforts of many conglomerates towards sensible employee share participating programmes. "Phantom share options" – not using actual shares but involving similar dilution of the corporate parent's earnings per share – do not violate institutional investor guidelines.

David Reid,
Clifford Chance, Royex House,
Aldermanbury Square, EC2

The need to be right first time

From Mr Richard Green.

Sir, In the light of the decision not to sell the nuclear power stations, the UK Government should seriously consider a further sub-division of the two generating companies, National Power and PowerGen.

The Government currently wishes to retain the merit order system under which the power stations with the lowest running costs are used the most, keeping total cost down. The owner of a single power station does best by reporting his true costs when such a system is used, for if he set a higher price his station would be used less often, missing opportunities to sell electricity at a spot price above his running costs.

A large generating firm, on the other hand, may gain by distorting the merit order and selling electricity from some stations at prices well above its production costs. These stations would be used less, but the price received by the firm's remaining stations would be higher – because all receive the price of the most expensive station used to meet demand. A firm with enough power stations would profit by overstating some of its costs.

Active regulation could prevent such tactics, but a better solution might be to reduce the size of the companies until they have no incentive to act in this way. National Power could be split into three companies and PowerGen into two.

The management information for this presumably exists, left over from the last division. This sub-division would not cause the loss of major economies of scale. The break-up might delay privatisation slightly, but would ensure greater benefits from a policy that must be right first time.

Richard Green,
Department of Applied Economics,
University of Cambridge

Chunnel vision

From Mr Monty Berchten.

I am amused to read Michael Skapkinker's article about the difficulties experienced by English managers in adjusting to the French business way of life (November 3).

It is a pity that English managers are not made aware of the obvious differences. André Maurois, the eminent French writer and philosopher, observed and recorded that:

- One Englishman = an imbecile; two Englishmen = a game of cricket; three Englishmen = the British Empire.
- One Frenchman = an intelligent man; two Frenchmen = a conversation; three Frenchmen = utter chaos *(la pagaille)*.

I worked in Paris for 10 years – and conclude, 30 years later, that *plus ça change, plus c'est la même chose.*

Monty Berchten,
19 Ellwood Gardens,
Garston,
Watford, Hertfordshire

'The current quality of investigative, campaigning journalism'

From Mr Andrew Neil.

Sir, People who are locked intellectually into the 1960s and 1970s are condemned to perpetuate its myths. Thus Chris Dunkley writes (November 8) that The Sunday Times is no longer the investigative newspaper that it once supposedly was, citing recent documentaries on the "Guildford Four" and Cambodia to argue that investigative journalism is now the preserve of television. Such an argument is the product of a warped memory and a lack of basic research.

I do not for a moment detract from the excellent documentaries Mr Dunkley cites, and as television matures it is encouraging to see it deploy so effectively the investigative techniques pioneered by papers like The Sunday Times. But it is nonsense to claim that television now has it all its own way. Our Far East correspondent, Jon Swain, probably the most respected British reporter on Cambodia, wrote several lengthy and authoritative pieces from inside Cambodia warning of the dangers of the return of the Khmer Rouge long before the documentary was broadcast. And if we were remiss in not doing enough to free the "Guildford Four," our investigative skills have not exactly been idle.

In 1989 alone our Insight team has exposed the companies polluting Britain's rivers, (the "water rats" reports), revealed BP's activities in Brazilian rain forests and investigated the financial relationship between Mr Owen Oyston and Derbyshire County Council.

Last Sunday our front page was dominated by the most thorough and revealing account of who was behind the Lockerbie bomb, and we are in the middle of a major campaign to seek justice for haemophiliacs who have caught Aids from contaminated blood. The current quality of investigative, campaigning journalism in The Sunday Times is at least as good as it has ever been in the paper's history. If Mr Dunkley had consulted the cuttings files before writing he would have realised that. But it is not too late. Our files await his inspection.

Andrew Neil,
Editor, The Sunday Times,
1 Pennington Street, E1

FINANCIAL TIMES
Friday November 10 1989

EUROPEAN MONETARY UNION

EMS 'cannot wait' for Britain

By Lucy Kellaway in Brussels

BRITAIN will be left behind if necessary as the rest of the European Community presses ahead with monetary union, Mr Michel Rocard, the French Prime Minister, said in Brussels yesterday.

Issuing the strongest warning yet to Britain to join the EMS, he said: "Great Britain can do what it likes, but we can't wait."

He likened Britain to the "slow boat" of the Community's convoy and said that, following a strategic decision by the faster boats to steam ahead, "one slow boat will be left to its fate."

It would be regrettable to move towards monetary union without the British, he said, but there was an "urgency to complete what needs to be done."

Now that North Sea oil was running out, the time was right for Britain to join.

He was speaking at a press conference given with Mr Jacques Delors, President of the European Commission, after a meeting between French ministers and Community officials.

His remarks increase the pressure on Mrs Margaret Thatcher before next month's summit with other European leaders to reconsider her refusal to join.

Earlier this week Sir Leon Brittain, EC vice-president, said sterling should become a member of the EMS "within a very few months from now."

Both Mr Delors and Mr Rocard sought to play down the rifts within the Community on the subject of Europe's relationship with East Germany. However, they questioned the view given by Mr Martin Bangemann, the internal market commissioner, that now was the time for the EC to start negotiations with East Germany.

"We are all uncertain about what is happening in the GDR – let's await developments," Mr Rocard said.

On the dispute between the France and the Commission over Renault, Mr Rocard held out the hope that a compromise could be reached. The Commission is considering asking Renault to repay a FFr12bn ($1.9bn) subsidy granted by the French Government.

In what may amount to a softening of the French position, Mr Rocard said that "a price has to be paid for a compromise."

Britain claims conspiracy over cattle feed

By Bridget Bloom in London and Laura Raun in Amsterdam

FOUR European Community Governments, with the backing of the European Commission, were last night holding urgent inquiries into what Mr John Gummer, Britain's Agriculture Minister, has called a "major criminal conspiracy" involving the contamination of animal feed.

Britain, Belgium, West Germany and the Netherlands are seeking to discover how a consignment of lead-contaminated rice bran was incorporated into cattle feed and has resulted in severe restrictions on 380 Dutch and possibly as many as 1,400 British farms.

So far about 100 cows and calves have died and while British and Dutch officials say there is no danger to human health from either contaminated milk or beef, the issue comes at a politically sensitive time, given recent food safety scares in Britain and the Netherlands.

Mr Gummer has not spelt out his reasons for alleging conspiracy. His officials said that his main reason for seeking EC backing for an international inquiry was to establish the facts.

The facts known so far, British and Dutch officials say, involve a consignment of rice bran in a mixed cargo from Rangoon in Burma, which was found on arrival in Antwerp, in Belgium, to be "obviously contaminated" by lead.

The bran's destruction was ordered but instead, "passing through several hands," it was imported into the Netherlands where it was turned into maize gluten replacement pellets, a cheaper animal feed.

The pellets, officials say, were sold on to Dutch millers and farmers and exported to Britain and possibly West Germany.

According to the UK Agriculture Ministry, two 550-tonne consignments of the contaminated pellets were shipped to Devon and Liverpool.

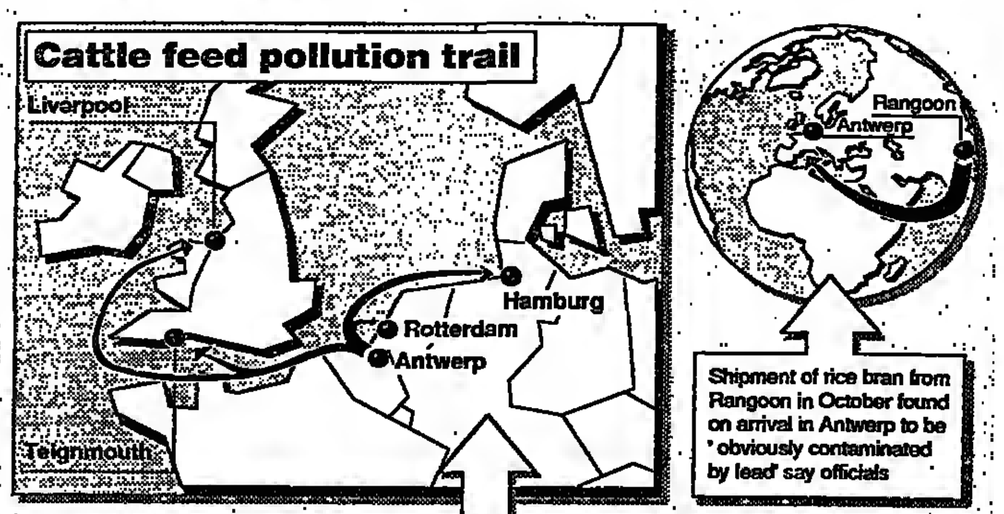
Most of the latter, arriving after Britain had been notified on November 1 by the Dutch authorities of the contamination, has been seized. However, the remaining 1,150 tonnes has been milled and marketed in feed by at least seven companies, mainly in Devon and Cornwall. By yesterday evening restriction orders had been placed on 940 farms. That could soon rise by another 300-400, officials said.

In Amsterdam yesterday, Slump, an animal feed manufacturer, filed a Fl2m ($1m) legal claim in the Rotterdam district court against three raw material suppliers.

Slump is accusing the three companies of knowingly dealing in contaminated goods and thereby defaulting on their legal obligations.

Among the questions which remain unanswered is how it was possible for an officially condemned cargo to escape destruction. A second is the degree to which the conspiracy of which Mr Gummer spoke concerned only one contaminated cargo of rice bran or whether a series of such fraudulent practices is thought to have occurred.

Yesterday Commission officials and the Dutch Government were tending to play down the conspiracy theory.



Officials ordered cargo to be destroyed. Instead shipped to the Netherlands where the rice bran was turned into maze glutten replacement pellets, a constituent of animal feed. The killer animal feed was then shipped to farms in Netherlands, West Germany and over 1000 farms in Britain through Teignmouth and Liverpool

Nato fails to agree draft of arms treaty

By Judy Dempsey in Vienna

NATO was prevented from presenting the text of a draft treaty when East-West negotiations on conventional arms resumed yesterday in Vienna because of last minute disagreements.

The original draft text, drawn up by the United States, referred specifically to a Nato-Warsaw Pact Treaty. This was rejected by, among others, France, which has persistently refused to regard the Conventional Forces in Europe (CFE) negotiations as strictly "bloc-to-bloc" talks.

All 16 Nato and nine Warsaw Pact countries are involved in the CFE negotiations which aim to eliminate surprise attack by establishing secure and stable balance of conventional forces at lower levels.

Failure to present the second draft apparently foundered on two main issues.

First, the text, which several East European diplomats described as a "good negotiating document," referred not to alliances but to "groups of countries."

Western diplomats conceded that the text could not reconcile "collective ceilings" agreed by each alliance with obligations from the individual countries that these ceilings could be guaranteed.

In addition, at the last moment, the Greek delegation raised objections as to whether or not definitions of certain weapons categories would be included in the text.

However, Nato diplomats said they hoped the draft would be ready next week.

At the same time, the Soviet delegation, led by Mr Oleg Grinevsky, announced to considerable surprise that it was time for Nato to start addressing the question of naval forces.

These are excluded from the original mandate of the CFE negotiations.

Nato remains reluctant to include naval forces in the CSBM discussions since it regards the swift and unhindered movement of forces across the Atlantic as vital for the security of the alliance.

However, Mr Grinevsky stressed that sooner or later, if not in the CSBM talks then in separate talks, reducing naval forces "on a global basis" and "in the interests of security" would have to be tackled."

But meanwhile, he and Western diplomats confirmed that four issues remain outstanding:

- How to agree on which parts of Europe, from the Atlantic to the Urals, will be subject to certain rednctions and ceilings.
- The Soviet Union's continuing insistence that its tactical aircraft and trainer aircraft should be excluded from reductions, to which Nato strenuously objects.
- Resolution of the storage issue. Unlike the Warsaw Pact, the Western alliance, for geographical reasons, and as part of its strategy of flexible response and forward defence, has large storage facilities along the Central European zone. No agreement has been reached on how to monitor these depots and low-active units.
- Personnel: the Warsaw Pact wants reductions down to equal collective ceilings in each alliance. So far, Nato has proposed that only the Soviet Union and the United States should station no more than 275,000 ground and air force personnel in Europe.

Menem threatens battle against strikers

By Gary Mead in Buenos Aires

ARGENTINA'S President Carlos Menem has given a stern warning to striking public transport workers in Buenos Aires and other cities, threatening to "give battle" in order to end the "sabotage" of his economic austerity programme.

Speaking on national radio and television on Wednesday evening President Menem promised to stand firm against "the law of the jungle" and "savage vandalism", a reference to physical attacks on buses, allegedly carried out by trade unionists in order to prevent their operation. Bus services have been paralysed since Tuesday over a wage dispute.

"This government has an immense power, which it is going to use. It has the force of popular legitimacy," said the president.

He would use "all legal means" to ensure the functioning of all public services. Late Wednesday evening the government adopted plans to use the armed forces to run public transport if necessary.

At the same time the Ministry of Labour ordered compulsory arbitration for the bus strike, implying a temporary end to industrial action while wage negotiations continue.

Mr Menem's warnings suggest he is willing to risk a confrontation with the trade union movement, which has been the traditional bedrock of support for his Peronists. However, unless the unions are reformed and their privileges curtailed, Mr Menem's hopes of restructuring the economy will be undermined.

The response of the union, the UTA, was equally firm. Mr Juan Manuel Palacios, UTA leader, said the strikers would not submit to arbitration bot had decided to extend the strike "indefinitely".

Black market rates for Argentina's currency, the austral, reflected nervousness over growing industrial unrest and trade union opposition to the government's economic programme.

It was officially trading yesterday at 650 australs to the US dollar, hut street dealers were offering 890, against 710 at the start of the week.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	19	66	Dubrovnik	S	16	61	Malta	S	19	66	Rhodes	F	18	64
Algiers	F	21	70	Edinburgh	S	9	48	Manchester	F	8	46	Rio de J'o	F	25	77
Amsterdam	F	11	52	Faro	S	19	66	Manila	F	32	90	Rome	C	16	61
Athens	F	18	66	Florence	C	12	54	Melbourne	C	15	59	Salzburg	R	6	43
Bahrain	F	27	81	Frankfurt	F	9	48	Mexico City	F	28	82	San Francisco	F	10	50
Bangkok	F	32	90	Funchal	F	21	70	Miami	F	22	72	Seoul	S	14	57
Barcelona	F	14	57	Geneva	S	10	50	Milan	F	12	54	Singapore		–	–
Beirut		–	–	Gibraltar	F	18	64	Montreal	R	9	48	Stockholm	C	8	46
Belfast	C	7	45	Glasgow	F	9	48	Moscow	S	4	39	Strasbourg	F	11	52
Belgrade	F	10	50	Guernsey	C	11	52	Munich	C	7	45	Sydney	S	20	68
Berlin	S	10	50	Helsinki	C	5	41	Nairobi		–	–	Taipei	C	23	73
Biarritz	C	13	55	H. Kong	C	26	79	Naples	S	17	63	Tangier	S	20	68
Bombay		–	–	Innsbruck	R	4	39	Nassau	F	30	86	Tel Aviv	S	25	77
Bordeaux	F	14	57	Inverness	S	7	45	New Delhi	S	25	77	Tenerife	S	24	75
Brussels	S	10	50	Islamabad	F	24	75	New York	R	14	57	Tokyo	F	21	70
Budapest	C	8	46	Istanbul	R	16	61	Nice	S	18	64	Toronto	C	8	46
B. Aires	F	27	80	Jakarta	R	32	90	Nicosia	F	21	70	Tunis	S	21	70
Cairo	S	25	77	Jersey	F	12	54	Oporto	S	13	55	Valencia	C	19	66
Cape Town	F	19	66	Jo'burg	F	23	73	Oslo	R	7	45	Venice	F	12	54
Caracas	C	28	82	Lima	F	21	70	Paris	S	10	50	Vienna	F	9	48
Casablanca	F	20	68	Lisbon	S	16	61	Peking	C	4	39	Warsaw	C	9	48
Chicago	C	2	36	London	F	11	52	Prague	C	7	45	Washington	C	17	63
Cologne	F	9	48	Los Angeles	F	15	59	Reykjavik	S	1	34	Zurich	F	9	48
Copenhagen	C	9	48	Luxembourg	C	5	41								
Corfu	F	18	64	Madrid	S	17	63								
Dallas		–	–	Majorca	C	18	64								
Dublin	C	10	50	Malaga	F	20	68								

Readings at mid-day yesterday
C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Eleven charged in Blue Arrow affair

Continued from Page 1

include five former executives of County: Mr Charles Nigel Villiers, chairman, Mr Jonathan Cohen, chief executive, Mr David Reed, head of corporate finance, Mr Nicholas Weston Wells, corporate finance director in charge of the Blue Arrow issue, and Ms Elizabeth Brimelow, compliance director.

A further executive still with the bank, finance director Mr Stephen Clark, was also charged.

Four of the others were employees of Phillips & Drew at the time of the rights issue. Two of them, Mr Philip Martin Domville Gibbs, head of corporate finance, and Mr Christopher Graham Stainforth, a corporate finance director, have since left the bank. The other two, Mr Timothy Frank Brown, head of eqnity sales, and Mr Paul James Smallwood, an equity sales director, are still with the bank, though in different positions.

The 11th person to be charged, Alan Michael Keat, a partner with City lawyers Travers Smith Braithwaite, was responsible for delivering a legal opinion which had a bearing on the actions of some of the others who were charged.

All 11, together with the three institutions named, were charged with conspiracy to defraud. in addition, all hnt three – Ms Brimelow, Mr Keat and Mr Clark – were charged with conspiracy to contravene section 13 of the Prevention of Fraud (Investments) Act 1958.

This section, which carries a maximum penalty of seven years' imprisonment, involves fraudulently indncing people to invest money. The 11 will appear in court today.

Soviet conference to draw up economic reforms

By Quentin Peel in Moscow

ALL the top Soviet economists have been summoned to an extraordinary three-day conference in Moscow next week to draw up a long-range programme for the future of perestroika.

The key item on the agenda will be a plan for a comprehensive prices and incomes policy drawn up under the guidance of Dr Leonid Abalkin, the deputy prime minister responsible for economic reform.

He also proposes a phased timetable for transition to a new financial and banking system, the introduction of a capital market, removal of subsidies from loss-making state enterprises and collective farms and the introduction of a comprehensive social security policy to protect the poorest from the effects of inflation.

The plan is likely to provoke disputes over key qnestions such as the definition of private property, the promotion of shareholding in enterprises, the need to retain price controls, and control over the growing co-operative movement.

The Abalkin plan, published in the weekly Ekonomicheskaya Gazeta, rejects both what it describes as the "conservative" approach to economic reform, and the "radical" approach. It opts instead for what it describes as "radical-moderate". It sets ont four main phases of reform.

In 1990, laws would be passed on property relations, a taxation system, and a two-tier banking system, creating an independent central hank. Wage indexation would be adopted, along with "preparations for price reform".

By the end of the year, all loss-making enterprises should he "liquidated", although it does assume they would be converted instead into different forms of ownership, instead of simply being bankrupted.

In the second phase, 1991-92, the plan suggests that all subsidies to state farms and collective farms be phased out, with their conversion into new forms of property holding, ranging from big workers' co-operatives to individual family lease-held farms.

The plan admits that only in the second phase would the current fall in production be stopped, and some recovery begin. The process of trying to create a market, independent of the central state planning bodies, would begin with goods auctions and trade fairs, and permission to sell goods prodoced in excess of state orders at free prices.

Phase three, in 1993-95, would involve implementation of the two-tier banking system, using "credit levers, interest policies and other measures" to regulate economic activity. Anti-monopoly laws would be brought into effect.

By this phase, the plan suggests, partial convertibility of the rouble could also be introduced, "possibly with the introduction of a parallel currency."

Finally, by the period 1996-2000 and beyond, "strong incentives for economic growth and for raising the wellbeing of the people will be created."

Bonn set for refugee flood

Continued from Page 1

his post as District Party chief of Halle, and seems certain to lose his Politburo seat.

There remained some confusion last night over remarks by Mr Krenz at the opening of the Central Committee meeting on Wednesday that a "free, universal, democratic and secret election" would he allowed in East Germany.

Mr Schabowski did not elaborate on the statement except to promise that there would be no "quota" of reserved seats for the Commnnists, as attempted in Poland in the June elections

THE LEX COLUMN

Lloyds' magic reception

It is conjuring time again at the UK clearing banks. The stock market seems just as keen as ever to applaud the bankers' latest sleight of hand. Lloyds Bank, the smallest of the Big Four – hut very much the trend-setter these days – was the first on stage yesterday with its latest version of the Third World deht vanishing trick. National Westminster, perhaps with an eye to offering a counter-attraction to events elsewhere in the City, appeared a few hours later and waved its wand at the problem which has been haunting the UK banking sector for so many years.

Since NatWest's Third World loans are a third smaller than Lloyds and its capital ratios already significantly stronger, the effects are not as dramatic. Even so, both banks can now fairly claim that by dint of their massive extra provisions they have pnt this prohlem behind them. In this respect, they have improved the quality of their underlying earnings, even though it only means that the nasty numbers have been shuffled around the balance sheet. On the other hand, if this sort of action prompts more debtor countries to suspend interest payments it could damage a hank's cash flow, which is even more worrying.

Lloyds' cover of 70 per cent of its total exposure now puts it among the strongest banks in the world by this criterion. Yet it has paid a heavy price. Its projected end-1989 equity to asset ratio of 4.1 per cent compares with a figure of 5.8 per cent at the end of 1986, before it started huilding its Third World deht cushion. Fortnnately, its rate of internal capital generation has been such that it can afford it. But in so doing it has exposed the weaknesses of some of its rivals, in particular Standard Chartered. However, the Bank of England would be hard pressed to criticise a bank for being over-conservative.

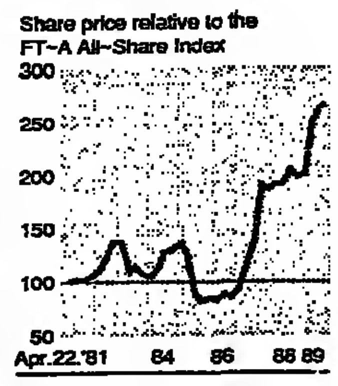
Blue Arrow

If nothing else, the arrest of eleven people yesterday guarantees the Blue Arrow affair an almost unique position in City folklore. Most of those implicated in Guinness were from the world of industry: Blue Arrow is a pure Square Mile joh, involving the merchant banker, the stockbroker and the City solicitor. Despite the resignations from the NatWest board, some might still have regarded the alleged offences as rather technical. It is the more sobering to reflect that eight of those charged could face a sentence of up to seven years.

Whether this kind of affair is best dealt with through the criminal courts is an open question. The essential charge is clear: getting people to buy shares under false pretences. It is much less clear what a jury might make of such arcana as the late adding-in of shares and the abuse of the market maker's exemption. Yesterday's events also suggest curious discrepancies with the DTI inspectors' report. Several of those arrested were either cleared by the report or scarcely mentioned: at least one executive censured in the report has not been charged. But it is a fair bet that if the cases ever come to court, the DTI report will by then be a distant memory.

Rothmans Intl

Share price relative to the FT-A All-Share Index



Rothmans

It is easy to see what the principal parties achieved through yesterday's deal at Rothmans. Richemont has greater access to the tobacco company's cash flow, without paying cash itself or being forced to make a realistic bid. Philip Morris has escaped from a situation in which it could neither hid nor sell to an outside party without Richemont's agreement. It may not have achieved a very good price compared with the market, but it looks good against the price paid back in 1981. And the income on the loan notes will easily exceed the dividend flows.

The minority Rothmans shareholders look in a far less happy position. They have the choice of accepting an illiquid loan note, valued at 12 per cent below yesterday's opening price, or remaining as minority shareholders in a company where the hid premium is likely to evaporate. If Richemont had wanted to hid itself, it would have done so at a better price; if it had wanted to sell out to a third party, it would hardly have acquired the Philip Morris stake.

The solace for minority holders is the suggestion that Richemont and Rothmans will discuss "ways of enhancing the value of shareholders' interests". This seems likely to involve some restructuring of the stakes in Dunhill and Cartier; but Richemont was studiously non-committal yesterday. Shareholders have done very well out of investing in Rothmans over the past three years. Without prompt details of a restructuring plan, their loyalty may be stretched.

Oil companies

Even thongh BP's third quarter replacement cost profits weredown by a third and Royal Dutch/ Shell's down by only a fifth, the initial impression was that BP had done rather well by comparison. However, strip out Shell's £101m currency loss and the differing performance is less obvious. BP benefited from higher oil prices but is suffering from lower production in the US. Meanwhile, Shell's above average exposure to the chemical industry may be less of a problem than sometimes feared, since despite obvious price weakness in some areas plants are still running at full capacity.

The combination of above average yields, heavy dollar exposure and a firmer trend in oil prices means that both BP and Shell have ontperformed the UK market since it peaked in early September. With the prospect of yet slower growth in UK corporate profits, they should continue to outperform in a weak equity market.

PolyGram

Yesterday's Lex column on the PolyGram flotation incorrectly stated that PolyGram's net profits were half the previous year's and were unchanged from 1985. In fact, PolyGram's profits in 1988 rose hy 37 per cent against the previous year. Against 1985, profits in 1988 showed an increase of 120 per cent. We apologise for the error.

The column also stated that PolyGram was heavily hiased to classical music. Although classical music represents a larger proportion of PolyGram's sales than of the market as a whole, sales of popular music account for 77 per cent of its recorded music business.

FINANCIAL TIMES
COMPANIES & MARKETS
Friday November 10 1989

INSIDE

Insulated against the chill wind

The Body Shop proved itself well-insulated against the chill wind blowing through the UK retail sector by reporting a 31 per cent increase in pre-tax profits for the six months to August 31. Chairman Gordon Roddick said the company had been slightly affected by the consumer spending downturn, achieving 12 per cent organic growth instead of the 15 to 18 per cent it had hoped for. "That is growth that almost all other retailers would kill for," he said. Page 36

Bright lights amid the gloom

European stock exchange turnover figures for October were split by the watershed of Friday the 13th. The horror film title swiftly became part of stock exchange legend, as Wall Street's mini-crash was reflected in a grisly combination of high volume and dropping share prices on continental bourses. Page 52

More ballyhoo

The Chicago Mercantile Exchange seizes every opportunity it can to fill the headlines with its plans for trading futures and options on a screen trading system outside its regular open outcry hours. So, it was really no surprise that Wednesday's announcement that the Marche a Terme International de France had chosen to link up with the system produced the usual round of self-congratulation. But for all the ballyhoo, Globex is yet to trade, writes Deborah Hargreaves. Page 32

Fight for life

The US Environmental Protection Agency's recent decision to ban the import and most remaining uses of asbestos in the US by 1996 may have the object of saving lives. But the move, prompted by increased awareness of the health hazards associated with the strong, naturally-occurring fibre, threatens to knock the life out of many towns in Canada, the world's second largest producer. Page 40

Better than feared

Shares in Storehouse, the BhS, Habitat and Mothercare retail group headed by Sir Terence Conran (left), shrugged off a sharp drop in interim profits from £23.6m to £8.7m and rose 6p to 112p yesterday. The stock market was relieved that the figures were not even worse and that the interim dividend was maintained. Some analysts had been forecasting a loss and a dividend cut. Page 34

Market Statistics

Companies in this section

Chief price changes yesterday

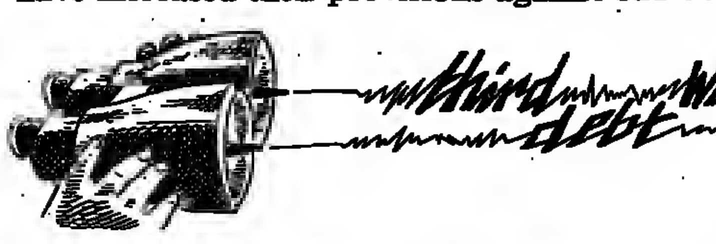
FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
BMW	520	+	9.5	Alspi	813	+	40.5
Holzmann (P)	1058	+	38	Dassault Avia.	440	+	36.8
Horten	294	+	14	GTM-Entrepose	1150	+	80.5
Rosenthal	338	+	9	Gaz et Eaux	82.6	+	4.6
Falls				Pechelbronn	1657	+	120
Mannheimer Vers	910	-	20	**Falls**			
Rheinelektra	1750	-	10	Gal Lafayette	2047	-	61.6
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Conseco (Wold)	124¾	+	1¾	Kokuyo	1390	+	140
Merck	79⅞	+	1¾	Mitsui Fudo.	1120	+	130
Philip Morris	42⅛	+	1½	Tanabe Electric	1270	+	150
Wyst Tech.	70⅞	+	1	**Falls**			
Falls				Kawashima Tex	1240	-	80
Cons Freightway	26	-	2½	Kikkoman	1550	-	80
Royal Dutch Pet	85¼	-	1¼	Nitto Seiko	1300	-	150

New York prices as at 12.30pm.

LONDON (Pence)							
Rises				Yale & Valor	276	+	3
Barclays	487	+	25	**Falls**			
Cable & Wire	562	+	10	BAA	356	-	7
Hawker Siddeley	644	+	4	Lds. Inv.	36	-	6½
Kwik-Fit	157	+	4	Lucas Inds	574	-	14
Lloyds	413	+	31	Reuters	895	-	18
MEPC	509	+	4	Rothmans	686	-	31
Pilkington	235	+	5½	Sainsbury (J)	269	-	3
Storehouse	112	+	6	Vickers	217	-	7
Wellcome	684	+	13				
Westland	134	+	6				

Bankers jockey for stock market favour

Stephen Fidler explains why Lloyds and NatWest have increased their provisions against bad debts



Sir Jeremy Morse, chairman of Lloyds

The decisions by Lloyds and National Westminster Bank to increase their cushions against losses on doubtful developing-country loans have one main motivation: to benefit from tha rewards the stock market gives to those who bite the Third World debt bullet.

They are both saying, however, that the reason is a serious and recent decline in the quality of their developing-country loans. Sir Jeremy Morse, the chairman of Lloyds, justified the move yesterday by arguing: "In the past few months, we have seen a continuing deterioration in the servicing of this debt and a significant increase in uncertainty about the future flow of funds to these countries."

According to Lloyds, 15 of the 29 problem debtors on its books are not paying interest. Only 60 per cent of the interest due to it from the Third World in 1989 will be paid. Brazil, which owed it $1.1bn at mid-year, has stopped paying interest, while Argentina has not paid anything since early 1988. The new international debt initiative launched in March by Mr Nicholas Brady, the US Treasury Secretary, has further muddied the outlook. Such countries as Venezuela, which bankers argue does not need debt forgiveness, are now demanding that their debts be sliced in half.

The extent of the deterioration since the banks lifted their provisions to about 50 per cent at mid-year is, however, arguable. One official at Midland Bank commented: "Overall, the outlook for developing countries over the last three months hasn't deteriorated." That view could be judged as predictable given Midland's position, but it is held more widely than that.

Although Brazil stopped paying interest over the summer, Argentina has indicated that it is considering resuming some interest payments in January. Venezuela, another large debtor in arrears at mid-year, has brought itself up to date.

"This move is directed almost exclusively to shareholders," one banker said yesterday. The immediate impact yesterday was an 8 per cent rise in Lloyds' stock price. NatWest managed 4 per cent. Midland, which many believe could not afford to match the move, moved up a mere 2 pence to 334p , while Barclays, which could probably afford to match Lloyds and NatWest, managed 5 per cent.

The architect of the decision to increase provisions is considered to be Mr Brian Pitman, the bank's chief executive. Under his influence, the bank has been redirected from one of the most international of the British banks, to a domestic retail-oriented institution, a move which has met with shareholder approval.

His view, repeated yesterday in an interview, is that all forays by British banks into the international arena hava proved ill-judged, almost without exception.

Some Lloyds officials, particularly those involved on the international side of the business, privately think less of Mr Pitman's strategy. "While the building societies are trying to become banks, Lloyds is busy turning itself into a building society," said one.

At NatWest, the new chairman, Lord Alexander, said: "It is important to shareholders, customers and staff alike that we put the effects of this difficult situation substantially behind us."

Although cynics suggested the timing of the announcement was motivated by an attempt to deflect attention from the well-publicised problems at County NatWest, officials at the bank insisted that they had been preparing for some time to make the announcement today.

NatWest's move will mean that it has made provisions against 65 per cent of all its lesser-developed country debt. If you take out some £220m of short-term trade and interbank lines now being serviced, the figure rises to 72 per cent.

Lloyds has covered 72 per cent of its total debt and 85 per cent of its medium and long-term debt. Mr Pitman says Lloyds has made 100 per cent provision for more than half of the 29 countries, including, one would surmise, Brazil and Argentina but excluding almost certainly Chile.

Tha moves will take both banks significantly above levels implied by the Bank of England's matrix, the framework for debt provisions which is now being revised and will be published soon. That was expected to suggest a guideline of about 50 per cent cover, the level at which the UK banks stood after their mid-year provisioning round. The clear implication is that the banks were not pushed into this by the central bank, and that other banks will be under no official pressure to match the moves.

However, as the accompanying table suggests, the moves leave some banks looking distinctly under-provisioned compared with their competitors. Ignoring the Japanese banks, whose tax laws mean that 15 per cent is as much as they can provide for, the one international bank which most stands out now is Citicorp.

Even if the supposed deterioration of the underlying problem is viewed as a pretext in some quarters for the banks' action yesterday, the moves will be seen in debtor countries as a sign that, in spite of bankers' protestations to the contrary, they may be able to get away more easily with not paying interest.

Barclays, for example, was also worried that such aggressive provisioning sent to debtors an unhelpful message which risks worsening the problem, an official said yesterday. Mr Pitman believes the message from Lloyds will get lost in the welter of other signals being sent to the debtors.

The moves also have consequences for the international debt strategy. Many banks in Europe believe they have been hustled too far, too fast, by the US Treasury since it embraced the debt reduction techniques of the Brady Plan earlier this year. If they want to thumb their noses at Brady, they are now in a better position to do so. On the other hand, if they want to make new loans they are now in a better position to do so, without the encumbrance of past mistakes.

Third World Debt Exposure

	Provisions as % of total exposure		Provisions as % of total exposure
J.P. Morgan†	100	Dresdner	50
Deutsche Bank	77	Barclays*	48
Lloyds	70	Standard Chartered*	46
Royal Bank of Canada	70	Chase†	46
NatWest	65	Bank America Corp.†	42
Societe Generale	53	Citicorp†	29
BNP	52	Man. Hanover†	36
Midland	50	Dai-Ichi	15

* Excludes 'developed countries' debt, such as that to South Africa
† US banks expressed as % of medium and long-term debt
Source: IBCA Banking Analysis

Philip Morris sells its stake in Rothmans

By **Nikki Tait** in London

PHILIP MORRIS, the US tobacco and food conglomerate, is to sell its 24.9 stake in Rothmans International, the world's fourth largest cigarette producer, back to Richemont, a Swiss company set up last year to acquire the non-South African interests of Rembrandt Group.

Philip Morris acquired the interest in the UK-based tobacco and luxury products group in 1981 from Rembrandt, a South African tobacco-based multinational run by its founding Rupert and Hertzog families. Although Rembrandt itself has no voting interest in Richemont, a 50 per cent interest in the listed Swiss company is held by the Rupert family.

The latest deal effectively returns control of Rothmans to the Rupert family. Richemont already holds a 43.8 per cent interest in Rothmans, and the reacquisition of the Philip Morris stake takes its voting interest up to 68.8 per cent.

The UK company's domestic cigarette brands include Rothmans and Dunhill. Lord Extra, Lux and Chesterfield in West Germany, Belga in Belgium, Caballero in the Netherlands, Peter Stuyvesant and Pall Mall Export in France and Winfield in Australia. Rothmans also holds 58 per cent stake of Dunhill Holdings, the luxury goods manufacturer. With Richemont, it owns nearly all of the watchmakers Cartier, Piaget and Baume & Mercier.

The sale is being effected via an offer to all Rothmans shareholders from Richemont, but apart from Philip Morris, few are expected to accept. The consideration takes the form of unlisted loan notes, maturing in 1994, in Rothmans Tobacco (Holdings), a Jersey-based subsidiary of Richemont. Richemont's advisers have estimated that the current value of the loan notes equates to 588p per Rothmans share. On that basis, Philip Morris will receive about £543m ($814m).

The US group has given an irrevocable undertaking to accept Richemont's offer. Mr Hamish Maxwell, its chief executive officer, explained yesterday that the holding had been "more passive" than the company had anticipated in 1981. "We now consider it preferable to divest it," he said.

The price paid by Richemont is well below the recent market price of Rothmans, which has been buoyed by speculation over how the shareholding situation might resolve itself. Yesterday it was greeted with disappointment by analysts, although Philip Morris's advisers said the company's hands had been tied in negotiations by an "implementation schedule" dating from 1981. This restricted the means by which Morris or Rembrandt/Richemont could sell their Rothmans stakes.

Lex, Page 26

BP and Shell report drop in earnings

By **Steven Butler** in London

HIGHER world oil prices failed to bring much cheer to British Petroleum and the Royal Dutch/Shell group, two of the world's largest oil companies, which yesterday reported results for the third quarter of the year.

Both companies saw earnings fall in the quarter on a current cost basis, which eliminates the effect of fluctuations in the value of inventories. Shell's earnings fell by 20 per cent to £667m ($1bn), while BP's net profits dropped by a third to £264m, although Shell remains ahead on profits for the first three quarters of the year.

BP was hit in all important parts of the business, and higher crude prices failed to buoy upstream earnings. These dropped because of lower production caused by difficulties in Alaska and the North Sea and by the sale of producing assets as part of BP's restructuring programme. Tax charges also rose significantly in the North Sea and in Alaska, where the local government slapped on taxes following the Exxon Valdez oil spill.

Shell's upstream profits, by contrast, were strongly ahead, by 32 per cent at £244m, in spite of its production difficulties and higher tax charges in the North Sea. Shell had higher crude production from Gabon, Syria, Colombia, and Nigeria, illustrating the advantages of its wide global spread of oil producing assets.

Both companies suffered from lower chemicals prices.

Lex, Page 26; Details, Page 37

Nixdorf reports further big loss

By **Andrew Fisher** in Frankfurt

NIXDORF COMPUTER, of West Germany, aimed to break even next year after this year's soaring losses, Mr Klaus Luft, chairman, said yesterday after the company announced a far worse than expected result for the third quarter.

The company made a DM168m ($91m) loss before tax in the period, 71 per cent more than the DM98m of the third quarter of 1988. Its loss in the first nine months was DM465m against DM124m.

"We didn't expect the results would still be this negative," said Mr Alexander Magona, an analyst with Paribas Capital Markets Group.

However, he and other analysts felt the company was moving in the right direction by entering into technological partnerships so as to spread development costs and cut its capital spending. Nixdorf shares rose DM10 to DM321 yesterday.

Yesterday, Nixdorf gave details of three tie-ups, all with Californian computer concerns. Two, with MIPS Computer Systems and Pyramid Technology, extend existing agreements, whila that with Tandem Computers is new. The moves are part of Nixdorf's move into systems integration and away from reliance on its own computer hardware.

Mr Luft called on shareholders to be patient about future dividends. Nixdorf has already said there will be no 1989 payment after a sharp cut last year. He also repeated that there were no talks about a possible takeover by another company, or any form of financial partnership.

Analysts said much of the high third quarter loss reflected heavy, unspecified write-downs of old product inventory. The company said its inventory was DM236m lower on September 30 than a year ago, with bank liabilities 16 per cent lower at DM600m. It also raised DM31m through property sales.

Its employee total was 5 per cent lower than a year ago. Mr Luft said the growth in costs had ended.

But margins were still under pressure; the attainment of a positive operating result, excluding inventory devaluations, for the second half would depend on revenue trends in November and December. Mr Luft said turnover should be 5 per cent higher over the full year at DM5.6bn.

"The company is undergoing a painful learning process," Mr Magona added. "I don't think Nixdorf is a company that people should write off too quickly. It is important that they have instigated the mechanisms for change, but it is maybe too early yet for any positive trend to emerge."

No buyer for Thorn defence arm

By **David White**, Defence Correspondent, in London

THORN EMI, the electronics and entertainment group, is studying other options for the future of its defence businesses after failing to find a buyer that would match its asking price of about £300m ($480m).

Companies that have discussed purchasing the Thorn activities include Thomson-CSF, the state-controlled French electronics company, which is currently considering making a joint bid with British Aerospace for the troubled Ferranti International Signal group.

However, Thomson's valuation of Thorn's defence interests is believed to have fallen as much as 50 per cent short of the price being sought.

Thorn EMI said yesterday that the options might involve mergers or joint ventures with other companies in the defence sector. It denied that it had withdrawn its defence interests from the market.

Mr Alain Hagelauer, finance director of Thomson, the nationalised parent company of Thomson-CSF, said Thorn had indicated it was withholding its offer to sell the businesses. But Thorn stated firmly that its defence activities were still for sale and that the prospectus circulated last summer was still valid.

However, it would sell them only for a price that reflected what it considered to be their true value. In the interim it would continue to invest in this side of its business.

The company announced in June its desire to sell its defence side, with annual sales of about £300m, along with its Kenwood domestic appliance and gas meter activities. Its defence business includes radar, fuses and electro-optical devices.

Thorn EMI was on a list of 11 European companies identified by Thomson at the beginning of tha year as candidates for "reshuffling" moves in the European defence electronics industry, needing either to forge alliances or to divest.

The French group has since agreed to buy the bulk of Philips' military interests for about £200m.

Mr Hagelauer said it had held "discussions but not negotiations" with Racal, which is seeking partners for its military activities, and had also looked at Singer Link Miles, the simulator manufacturer.

Its discussions with Thorn took place during August and September, he said, adding that the problem was not solely a question of price but also compatibility with the areas of defence on which Thomson wanted to concentrate.

"Today, given the situation, we feel we cannot make a deal," he said.

INTERNATIONAL COMPANIES AND FINANCE

Sweden and Saab agree to loan for jobs deal

By John Burton in Stockholm

THE SWEDISH Government yesterday agreed to grant a loan of up to SKr1.2bn ($187.5m) for the development of the Saab 2000 airliner in return for the creation of 1,350 new jobs by the Saab-Scania group.

The loan, which would be paid back by royalties from 2000 sales, will cover about a quarter of the project's total development cost, estimated at SKr3.8bn at current prices, between 1989 and 1994.

The 2000 is the second commuter airliner to be developed by Saab Aircraft, which has specialised in combat aircraft during its 50-year history.

It is a stretched 50-seat version of the 34-seat Saab 340 launched in 1984. The 2000 has received 40 firm orders and 84 options, totalling SKr9bn, since the project was formally announced in May.

Saab promised that in return for the loan it would locate the bulk of the 2000's development and production activity, including the construction of the fuselage and final assembly, in Sweden. This would add 850 jobs in the aircraft division.

The 2000's engine is being manufactured in the US by General Motors' Allison division, the wings in Spain by CASA, the stabilizers in Finland by Valmet and the propellers in the UK by Dowety.

Saab-Scania also promises to build an engine factory for its car division in the economically depressed city of Karlskrona as well as spend in Sweden two-thirds of Scania's planned production investment of SKr1bn between 1990 and 1992. This would create another 500 new jobs.

Development costs for the 2000 are likely to keep the aircraft division in the red.

● Kabi, the pharmaceutical division of Procordia, Sweden's state-owned conglomerate, is to buy Fides, the Spanish pharmaceutical group. Kabi said the deal would make it one of the bigger domestic companies in the fast-growing Spanish pharmaceutical market with projected annual sales of SKr500m.

Opposition to DRG bid folds over minority block

By Clare Pearson in London

OPPOSITION to the £697m ($1.10bn) offer for DRG, the paper and packaging company, fell apart yesterday as institutional shareholders speaking for 28 per cent of the ordinary shares failed to agree on concerted action to deny Pembridge Investments, the Bermuda-based bidder, total control.

The unusual idea of forming a block of minority shareholders was turned out by representatives of some 20 big institutions, including Pearl and the Prudential, who gathered at Cazenove & Co, DRG's stockbrokers, yesterday afternoon. A spokesman said afterwards that the group "after careful consideration decided, in the circumstances of this particular case, not to combine in opposition" to the 590p cash offer.

Concerns about the largely-untested legal status of such a minority group, together with differences in their reasons for not accepting the bid, were afterwards cited as reasons for the outcome.

Because it accounted for more than 25 per cent of the ordinary share capital, the group could have been more than big enough to block the break-up of the company, or else to have created tax difficulties for Pembridge, which is headed by Mr Roland Franklin.

Pembridge, with about 55 per cent of the shares, is likely today to declare its cash offer unconditional. Chiefly through purchases in the market, it passed the 50 per cent mark a week ago. But since then it has said difficulties in obtaining valid cover for the shares prevented it moving to the unconditional stage.

DRG said last night that its board had agreed to meet representatives of the bidder, after noting Pembridge's holding and the indication from shareholders that they did not intend collectively to oppose the offer. This meeting will be the first between Mr Moger Woolley, DRG's chief executive, and Mr Franklin. Mr Woolley has said that he could not imagine having a conversation with the US-based financier. The failure to agree on concerted action in this case is a blow to those who had seen it as an opportunity to deter other bidders aiming to break up British companies.

The idea of the institutions combining together as a minority was discussed at a meeting orchestrated by Lazards, DRG's financial adviser, and Cazenove on Monday.

A divergence in the priorities of the participants then emerged. Some, were overwhelmingly concerned with the principle of the bid. Others were interested in obtaining better value by extracting a better price from Pembridge or participating as equity partners in the restructuring of DRG.

Oil sector earnings boost Veba

By Haig Simonian in Frankfurt

NET PROFITS at Veba, the West German energy, chemicals and oil group, rose by 14.2 per cent to DM645m ($350m) in the first nine months of this year from DM565m a year earlier, thanks largely to improved earnings in the oil sector and in electricity generation.

Group sales increased by 13.4 per cent to DM36.8bn in the same period, with oil and chemicals showing rises of 20.1 per cent and 12.5 per cent respectively. Turnover was also boosted by price rises for certain raw materials and by the effect of some acquisitions.

However, the underlying sharply upward trend in earnings is partly hidden by a 41.3 per cent jump in taxes to DM985m. The rise stems from write-offs on the earlier sale of a subsidiary, Mark Producing, as well as goodwill considerations on an acquisition by Hüls, Veba's chemicals subsidiary.

At gross level, Veba's profits soared by 28.6 per cent to DM1.7bn compared with DM1.3bn in the first nine months of 1988. Only in the chemicals sector were the nine months' figures below the level for the previous year, said Veba.

Profits in the final quarter are set to rise, reflecting the continuing stable trend in earnings, Veba said. As a result, net earnings for the year should exceed the DM1.07bn reported in 1988. Veba's share price climbed by DM7.70 to DM321.50 yesterday.

Investment spending decreased to DM1.83bn in the first nine months.

Saga operating profit soars

By Karen Fossli in Oslo

SAGA PETROLEUM, Norway's largest independent oil company, increased its operating profit more than ten-fold to NKr560m ($81m) in the first three quarters of this year, from NKr55m last year, helped by increased oil production and higher world crude oil prices.

Pre-tax profit before extraordinary items jumped three-fold to NKr562m from NKr163m. Operating expenses, however, rose to NKr1.66bn (NKr1.01bn), after difficulties at an exploration well which were not covered by insurance.

After nine months, Saga's operating revenue doubled to NKr2.32bn from NKr1.07bn last year.

Minorco is earning '$600,000 a day'

MINORCO, the South African-controlled, Luxembourg-based investment company, is earning an annual interest of about 9 per cent on its US$2.5bn of cash, about $600,000 a day, writes Kenneth Gooding, Mining Correspondent.

The company said this would lead to a substantial increase in operating earnings this year.

Thyssen agrees to purchase Otto Wolff

By Andrew Fisher

THYSSEN, the West German industrial group, is to buy the Otto Wolff engineering company, former owner of the PHB Weserhütte (PWH) materials-handling equipment maker which it jettisoned two years ago when PWH ran into financial difficulties. No price was given for yesterday's deal.

The main businesses of PWH were bought by Orenstein & Koppel, part of the Hoesch group, at the start of last year. PWH had filed for bankruptcy after efforts to reach agreement with creditors inside and outside the courts.

The remaining Otto Wolff concern is now profitable. Yesterday, Thyssen and Wolff, which is controlled by the Wolff family headed by Mr Otto Wolff von Amerongen, said "a good result" was expected for 1989, when turnover would rise to around DM2.3bn ($1.2bn) from DM2.1bn.

The two companies have co-operated for more than 30 years in the steel processing sector and have two joint companies, employing about 6,000 people. The other main activities of Otto Wolff are scrap metal, plastics and machinery trading and mechanical engineering. Thyssen said the latter two would fit in well with existing operations.

The deal still has to be approved by the Federal Cartel Office in Berlin. As reasons for the takeover, the companies referred to the coming of the post-1992 internal EC market and changing conditions in the steel business. Mr Wolff von Amerongen denied reports earlier this year that the company was to be sold to Thyssen.

Thyssen has recently been reporting strong results – first-half net profits were 39 per cent higher at DM372m.

● Preussag, the West German energy and commodity concern, said it would set the issue price for its planned three-for-four rights offering at DM225 a share to raise a total of DM1.36bn, AP-DJ reports.

The 6.05m shares to be sold will help finance the acquisition of Salzgitter, a state-owned steel and engineering group, for which Preussag is paying more than DM2bn.

Fury uncorked as LVMH battle returns to court

George Graham on a fist fight for control of the French drinks and luxury goods group

THE BATTLE for control of LVMH Moët Hennessy-Louis Vuitton, the French drinks and luxury goods group, returns to the courts today in an atmosphere of mounting bitterness.

Mr Henry Racamier, head of the Vuitton clan and Mr Bernard Arnault, who took control of LVMH in January in partnership with Guinness, the UK drinks company, have abandoned their last pretences at politeness and drawn their daggers in earnest.

Mr Racamier will make a last ditch attempt in court today to have the annual general meeting of Louis Vuitton, the group's luggage subsidiary which he chairs, delayed once again.

The meeting, due to take place next Wednesday, has already been postponed well after the usual legal limit. Mr Arnault is thought likely to use the meeting, when it eventually takes place, to oust Mr Racamier from his management position.

Further court hearings on November 14 and 20 are to decide on whether to cancel an issue of bonds with attached warrants, which is at the origin of a large part of Mr Arnault's stake in LVMH.

The court ruled last week that the issue was conducted irregularly, although it refused at the time to cancel it, but Mr Racamier has not abandoned hope.

Mr Arnault, meanwhile, is expected to ask the LVMH supervisory board tomorrow to strip Mr Racamier of the posts of vice chairman and managing director of the group's management board.

Other shareholders in the group, including the Hennessy and Moët families, now appear to be closing ranks behind Mr Arnault.

Both Mr Alain de Pracomtal, leader of the Hennessy family, and Mr Fred Chandon de Briailles, head of the Moët clan, are expected to make statements today criticising Mr Racamier's stand.

In the LVMH camp, officials note that even if the shares resulting from the contested warrants were cancelled, the Arnault, Guinness, Moët and Hennessy shareholdings would still represent a majority, while the Vuitton shareholding would still not reach a blocking minority.

They add that the cancellation of the warrants would cost LVMH around FFr4.5bn ($720m) in lost capital and additional financing costs, equivalent to half its total equity base.

Guinness, meanwhile, is seeking to remain somewhat aloof from the "minor annoyance" of the lawsuit; the company says the fracas has not hindered the operational management of LVMH, and in particular has not delayed the setting up of joint distribution networks between Guinness and LVMH.

Legal row with Pepsi-Cola upstages Perrier sale plan

By William Dawkins in Paris

PLANS BY Source Perrier, the world's largest producer of mineral water, to sell its soft drinks division, were yesterday overshadowed by a legal tussle with Pepsi-Cola, the US drinks company.

Mr Stu Haugen, managing director of Pepsi-Cola de France, yesterday confirmed that the group was issuing a writ against Perrier's soft drinks subsidiary, Compagnie Francaise de Boissons Gazeuses, for allegedly failing to perform to the terms of a 27-year-long contract for bottling and distributing Pepsi-Cola. Perrier, meanwhile, said it was considering legal action for damages against Pepsi-Cola.

This is the latest in an extraordinary chain of events which began when Mr Gustave Leven, Perrier's chairman, said earlier this week he was prepared to sell his soft drinks division for between FFr1.7bn ($272m) and FFr2.5bn.

Pepsi-Cola announced almost immediately afterwards that it planned to end Perrier's franchise to bottle its drinks in France, but maintained that this decision had no connection with the French company's announcement.

Mr Haugen said Pepsi-Cola had been considering an offer for Perrier's soft drinks activities, but "at the price they are suggesting, it is a very distant possibility."

Perrier's main soft drinks brands include Pschitt, Ball and Oasis among others, representing annual sales of FFr1.15bn, or 10 per cent of the group's total turnover last year. The Pepsi-Cola franchise accounts for 2 per cent of the drinks division's sales and 1 per cent of group turnover.

Perrier's first-half net profits before exceptional items, rose to FFr291m from FFr186m in 1988, on sales of FFr8.5bn, up from FFr6.7bn, the group announced earlier.

Victoire close to purchasing Dutch insurer

By George Graham

GROUPE VICTOIRE, the French insurance group recently taken over by Suez, is in advanced discussions on the purchase of Nieuw Rotterdam, the fifth largest Dutch insurer.

The acquisition would give Victoire a further foothold in northern Europe, following its acquisition earlier this year of the Colonia/Nordstern group, West Germany's second largest insurer.

Victoire said that it could give no details until the acquisition had received the approval of the Dutch finance ministry.

Nieuw Rotterdam, which had premium income of Fl 534m ($257m) in accident insurance and Fl 34m in life insurance, is 30 per cent owned by Groupe des Assurances Nationales (GAN), the third largest of the French state-owned insurance companies, which last night refused to comment.

National Australia Bank profit soars 47%

By Chris Sherwell in Sydney

NATIONAL AUSTRALIA Bank, one of Australia's Big Four commercial banks, yesterday reported a sharp 47 per cent increase in annual profit, thanks to a buoyant domestic economy, a strong contribution from its UK and Irish banks and a lower tax rate.

Figures for the year to September showed a record after-tax profit of A$782.7m (US$614.6m), against A$531.4m the previous year. Although this was much in line with expectations, all bank profit forecasts havs recently been revised downwards because of the rising level of interest rates.

Yesterday's results were the first for the private-sector commercial banks for the 1988-89 year. Westpac is due to report next week, and the ANZ Bank a week later. The fourth big bank, the Commonwealth, is owned by the federal Government.

For National Australia Bank, the latest year has seen group assets rise 19.2 per cent to A$75.9bn, operating revenues jump 25 per cent to A$9.3bn, and earnings per share increase to 97.8 Australian cents from 84.2 cents. Return on average shareholders funds improved to 16.3 per cent from 15.2 per cent.

The directors declared a final dividend of 35 cents (25 cents cash plus 10 cents scrip) to make 60 cents a share for the year, up 10 cents, of which half is fully franked. They added they were "confident of maintaining a satisfactory performance in 1989-90," despite increasingly difficult economic conditions.

The lowering of the corporate tax rate from 49 per cent to 39 per cent helped the bank to the tune of A$114m, but rising interest rates narrowed margins, especially for home lending, and inflicted pain on corporate borrowers, particularly small businesses.

The bank's provisions for bad and doubtful debts were A$325.3m, down from A$351m, but after allowing for last year's clear-out of Third World debt, the charge was actually A$53m higher.

A divisional breakdown of the profit figure indicated that A$529.6m, or two thirds of the total, came from domestic trading bank operations, compared with A$309m last year. The Clydesdale and Northern banks in the UK and the National Irish Bank contributed another A$125.2m, up 46 per cent from A$85.8m.

By contrast, the savings bank operations, responsible for home lending, showed a sharp decline, to A$20.3m from A$56.1m. The finance and insurance companies also weakened, to A$44.4m from A$46.9m, but the merchant banking division contributed A$11.9m against A$9.1m last year. New Zealand and South Pacific divisions also improved.

Bambi video hoists Disney income

By Anatole Kaletsky in New York

WALT DISNEY, the big US entertainmant group which recently launched a spectacularly successful stock issue in Europe for its EuroDisneyland theme park, yesterday announced a big jump in profits for its latest quarter and fiscal year.

Disney's shares, already among the year's best performers on Wall Street, rose a further $1⅛ to $124⅞ in response to the bigger than expected earnings advance.

Disney made net profits of $212.7m or $1.54 a share in the September quarter, the last of its 1989 fiscal year. This result was 56 per cent up on the $136.4m or 99 cents reported a year earlier. In fiscal 1989 as a whole, Disney earned $703.3m or $5.10 a share, an increase of 35 per cent compared with the 1988 profit of $522.0m or $3.80.

Disney's revenues rose by 33 per cent in the latest quarter to $1.35bn. For the year as a whole, they were up by 34 per cent at $4.59bn.

Disney's chairman, Mr Michael Eisner, said that the strong growth reflected excellent performance in each of the company's three business segments – theme parks and resorts, filmed entertainment, and consumer products.

Theme park and resort revenues rose by 25 per cent in the latest quarter to $775.8m and operating income increased by 44 per cent to $240.9m. In the year as a whole, revenues rose by 27 per cent to $2.59bn, while profits increased by 39 per cent to $785.5m.

A major reason for the outstanding results was the opening of the new Disney-MGM Studios Theme Park in Florida in May. But total attendance hit records at all the main theme parks and further benefits came from higher per capita spending by theme park and resort guests.

The latest quarter's filmed entertainment revenues soared by 49 per cent to $462.2m, while operating income nearly tripled to $85.9m.

Annual revenues from this business were 38 per cent up at $1.59bn, while operating profits were 38 per cent higher at $256.5m.

Among the main positive factors were record-breaking video sales of Bambi and successful theatre releases of Honey, I Shrunk the Kids, Dead Poets Society, and Turner and Hootch. In the year as a whole, major benefits came from the international distribution of Who Framed Roger Rabbit and strong video sales of Cinderella.

The consumer products segment increased quarterly revenues by 27 per cent to $107.2m, while operating profits grew 38 per cent to $46.3m. In the year as a whole, consumer products revenues increased by 67 per cent to $411.3m, while operating profits expanded 40 per cent to $187.1m.

The growth in consumer products was duc mainly to increased domestic and foreign licensing activity, and a successful entry into direct publishing in Europe.

Investment firm makes offer for Allegheny Int'l business

By James Buchan in New York

ALLEGHENY International, the Pittsburgh home appliance maker which has been languishing in bankruptcy court for a year and a half, yesterday received a $683.8m offer for its business from a New York investment firm.

The offer, unveiled yesterday by Japonica Partners, is the latest in a string of bids and proposals designed to satisfy Allegheny's creditors and lead the company out of bankruptcy.

The prsvious proposals, including eight generated by Allegheny itself, have foundered on disagreement between the different creditor groups.

Allegheny owns such well-known kitchen appliance businesses as Sunbeam and Oster and it operates a thriving barbecue and outdoor furniture business. But it was forced into bankruptcy in February 1988 by $718m in debts and since then it has racked up further losses.

The new offer is being presented by Japonica Partners, a partnership formed last year by two formsr investment bankers at Goldman Sachs, Mr Paul Kazarian and Mr Michael Ledsrman. The partnsrship, which first announced its interest in Allegheny in July, complained yesterday that it was repeatedly obstructed by senior management in attempting to determine a value for the company.

The Japonica plan is similar to the most recent proposal from the company in offering to satisfy senior and secured creditors in full. But Japonica is hoping that its offer has a better chance of success because it provides more cash than the company plan for unsecured creditors and stockholders.

Japonica also said it might increase its offer beyond $700m after it has assessed certain information, which it did not define.

PacifiCorp bids $1.7bn for rival

By Roderick Oram in New York

PACIFICORP, an electric utility serving seven western states, offered yesterday $1.7bn for the common stock of Arizona Pubic Service, a wholly owned utility sobsidiary of Pinnacle West Capital.

Pinnacle West is struggling with heavy losses at its MeraBank subsidiary brought on by the troubled real estate market in the southwestern US, particularly in Arizona and Texas. MeraBank recently reported a third-quarter loss of $85.7m, including a $42m addition to loan loss reserves.

Arizona Public Service, in contrast, turned in net profits of $86.3m, on revenues of $458m against $117.2m on $469m a year earlier. Overall, Pinnacle West's net for the quarter plunged to $5.1m from $55.9m.

"The cash available from this transaction should provide Pinnacle West financial resources to strengthen its other businesses," Mr A.M. Gleason, PacifiCorp's president said.

PacifiCorp, which is listed on the New York and London stock exchanges, promised to keep Arizona Public Service's electricity rate increases to 2 per cent a year and to keep the unit locally controlled if it won control.

Denison sales fetch C$100m

By Robert Gibbens in Montreal

DENISON MINES, the uranium mining group founded by Mr Stephen Roman, has realised more than C$100m (US$85.5m) from selling part of its oil and gas business and is actively negotiating the sale of the rest.

Unidentified buyers will pay C$100m plus for Denison's Canadian and Spanish properties, and the assets in Greece, Italy and Egypt are likely to be sold soon.

Denison is now concentrating on uranium, industrial mining, potash and coal. Mr Roman died in 1988.

In the first nins months, Denison earned C$5.3m, up from C$3.5m a year earlier, on revennes of C$274m against C$317m. There were no earnings applicable to the common shares in both periods. The company sold off its financial services investment in 1988.

● Spar Aerospace, the communications and defence products group, posted a nine months loss of C$7.6m against a profit of C$5.2m or 47 cents a share a year earlier. Revenues were down 6 per cent to C$174m.

● Norcen Energy Resources, the main energy affiliate of the Bracan group, has reported a 70 per cent gain in third quarter profits to C$25m or 39 cents a share on a 15 per cent revenue gain to $188m.

In the past nine months, profit went up to 28 per cent to $83.4m or $1.32 a share on revenues of $601m, up 14 per cent.

Building society merger boosts Nedcor's results

By Jim Jones in Johannesburg

NEDCOR, South Africa's third largest banking group, formerly called Nedbank, lifted net income by 85 per cent in the year to September 30 1989, principally because of its merger with the Permanent Building Society.

Operating income before tax and bad debt provisions increased to R506.7m from R304.0m and the year's pre-tax profit rose to R407.3m from R250.2m.

Total assets were R28.5bn at the end of the financial year against R16.8bn a year earlier and total advances were R19.9bn against R11.0bn.

Mr Piet Liebenberg, the chief executive officer, says the provision for bad debts has been increased and that special reserves have been set aside for expenditure on information technology. The increase in the provision for bad debts is in line with provisions made by Nedcor's competitors.

Austerity measures designed to curb consumer spending and imports have depressed retail sales while household budgets have been squeezed by sharply higher interest rates. As a result bad debts are increasing, particularly among farmers.

Mr Liebenberg says Nedcor's capital shows a comfortable surplus over that required by the Banks Act, implying that Nedcor will not need to raise additional capital from shareholders to meet the Banks Act's progressively stringent capital:liabilities ratios. However, Nedcor, in line with other banks, has increased its dividend cover, raising retentions and bolstering reserves.

Earnings rose to 138.5 cents a share from 111.3 cents and the year's dividend has been lifted to 46 cents from 40 cents.

Wang to axe 2,000 jobs by year-end

WANG Laboratories, the troubled US mini-computer maker, is to eliminate about 2,000 jobs companywide by the year-end, causing a charge of about $30m against earnings for the second quarter ending December 31, Reuter reports from Lowell, Massachusetts.

The company, which last month reported a first-quarter loss of $62.1m or 38 cents a share, compared with a $16.2m profit or 10 cents a share, for the same period last year, said the elimination of jobs will come from a new programme to dismantle its bureaucracy and streamline operations to provide better customer service and improve efficiency.

Wang decided on the action after an intensive two-month study of its organisation and business performance. Mr Richard Miller was recently named president and chief operating officer at Wang.

The company said it will make major efforts to change the way it does business in three areas: the order/build/ship/billcycle, the product development process, and service billing and technical support. The changes are expected to be in effect by January 1, it said.

Wang said a recent survey found that its customers find it a difficult company with which to do business and that its bureaucracy sometimes prevents Wang from providing its customers with quality service and support.

The company said it will seek to delegate greater authority and responsibility to those directly designing, building, selling and servicing products, and have individuals accountable for results, allow its customers to shape Wang's priorities, shorten the time needed to design and deliver quality products, and instil quality in all of Wang's work.

Austerity measures curb Lion Match sales growth

By Jim Jones

RESTRICTIVE measures intended to moderate consumer demand curbed sales growth by Lion Match, the former South African affiliate of Wilkinson Sword, in the six months to end-September. But though the pace of the economy is likely to be retarded further, the directors believe the second half's earnings should grow at the same pace as the first half's.

First-half turnover increased to R136m ($51.7m) from R118m in the corresponding period of 1988, the interim trading profit before interest and tax rose to R18.1m from R14m and the interim pre-tax profit was R18.6m against R11.8m.

In the last financial year, turnover totalled R230m, the year's trading profit was R25.4m and the pre-tax profit was R20.3m.

Apart from matches, Lion manufactures and distributes non-durable consumer goods, simple electrical household appliances and packaging.

The first half's earnings were 16.7 cents a share against 14.7 cents in 1988's first half. First-half interim dividend has been increased to 6.5 cents from 5.5 cents. The last financial year's full earnings were 27.0 cents and the year's dividend 11 cents.

Lion is a subsidiary of South African Breweries.

Amrel slips in first half

SOUTH AFRICA'S credit squeeze and rising interest rates led to reduced profits for Amrel, the furniture and footwear retail chain, in the six months to end-September, writes Jim Jones in Johannesburg.

Mr Meyer Kahn, the chairman, says though turnover grew, the rate of growth was deliberately curbed as hire purchase controls were tightened. He expects consumer spending to deteriorate over the next few months.

First-half turnover advanced to R390m from R356m a year earlier and the interim pre-tax profit rose to R12.3m from R13.5m. Against this, turnover totalled R760m in the last financial year and the pre-tax profit was R37.

A loss-making clothing chain has been sold and the company plans to make greater use of external finance and improve debt collections.

First-half earnings dropped to 81 cents a share from 88 cents and the interim dividend has been cut to 27 cents from 29 cents. Last year's full earnings were 241 cents and the year's dividend was 81 cents.

Amrel is a subsidiary of South African Breweries.

Financial operations add boost to Kubota

By Stefan Wagstyl in Tokyo

KUBOTA, the top Japanese maker of farm machinery, yesterday reported a 7.8 per cent increase in unconsolidated interim pre-tax profits to Y17.8bn ($124m) due mainly to an improvement in profits from financial operations.

The increase in operating profits in the six months to the end of September was just 0.3 per cent to Y15.5bn due an increase in labour costs.

Sales in the main motorised equipment division, which includes farm machinery, rose by 9.4 per cent; in machinery they were up 7.1 par cent thanks to brisk sales of vending machines; and in pipes by 1.9 per cent. But sales of environmental aqnipment dropped 18.7 per cent due to delays in installation.

Total sales rose 5.9 per cent to Y301.3bn.

Knbota forecast e 4.1 per cent increase in pre-tax profits for the year as a whole to Y36bn on sales of Y655bn, e 4.5 per cent rise.

It plans to pay e Y6.5 a share annual dividend, including e Y1 commemorative dividend to mark its centenary.

Daiwa House reports 39% rise in profits

By Robert Thomson

DAIWA HOUSE Indnstry, Japan's second largest home builder, yesterday reported a 39 per cent increase in pre-tax profit to Y28.78bn ($201.3m) for the six months to end-September as domestic demand for larger, more luxurious homes showed strong growth.

Sales for the period rose 18.3 per cent to Y320.2bn, and while contracts for new buildings increased marginally, there was a sharp increase in contracts for redevelopment of existing homes.

Full-year sales are expected to be Y660bn, up 18.3 per cent, and pre-tax profit is predicted to reach Y63bn, an increase of 43 per cent on the last financial year.

Japanese pharmaceutical companies increase sales

By Robert Thomson in Tokyo

YAMANOUCHI Pharmaceutical, the Japanese ethical drug maker, reported a 12.3 per cent increase in pre-tax profit to Y29.39bn ($205.5m) for the first six months to end September following an improved cost-to-sales ratio and an increase in sales.

Sales rose 10.9 per cent during the period to Y97.8bn, with a 13.4 per cent increase in sales of cerebral, nervous system and sensory system-related drugs and a 32.2 per cent increase in sales of circulatory and respiratory system-related drugs.

Fujisawa Pharmaceutical reported a 2.9 per cent increase in pre-tax profit to Y10bn on sales of Y104.4bn, an increase of 4.9 per cent, for the period. The company attributed the rise to strong sales of antibiotic drugs, but predicted that pre-tax profit for the full year to end-March would fall 10.8 per cent to Y18bn, with a 1.6 per cent increase in sales to Y212bn.

The company reported that demand will be sluggish in the second half because of a planned reduction in official drug prices scheduled to be introduced next spring under a national health insurance scheme.

Eisai, another major producer of ethical drugs, reported sales for the period of Y101.19bn, up from Y93.9bn in the previous period, and a pre-tax profit of Y18.35bn, up from Y17.18bn. The company expects a pre-tax profit for the full year to be Y31.5bn, compared to last year's Y31.15bn.

Shionogi, which is particularly strong in antibiotic lines, reported a fall of 0.7 per cent in its pre-tax profit to Y14.46bn, while sales for the first half rose 1.2 per cent to Y107bn.

The company expects that pre-tax profit for the full year will be Y27.8bn, a fall of 8 per cent, on sales of Y216.7bn, a 0.3 per cent increase.

Hutchison sells two of its units

By John Elliott in Hong Kong

HUTCHISON WHAMPOA, controlled by Mr Li Ka-shing, is selling two of its Hong Kong trading companies, John D Hutchison Group and Hutchison-Boag Engineering, to Inchcape Pacific for approximately HK$870m (US$112.9m) with effect from January 1. Together the two companies have an annual turnover of about HK$1.9bn.

This means that Hutchison is moving out of distribution and concentrating its activities on its core sectors of container terminals, energy, property and hotels, telecommunications and retailing. This strategy started earlier this year with the disposal of Anderson Asia (Holdings), a quarry products group.

John D Hutchison is involved in import, export and wholesale distribution of consumer goods, while Hutchison-Boag Engineering imports and distributes building materials and industrial products. The Fortress electrical retail chain, part of Hutchison-Boag, is being retained as part of Hutchison's Watson group.

"This is not a reaction to the impact in Hong Kong of the June events in China," said Mr Simon Murray, Hutchison's managing director. "The approximately HK$870m realised will be reinvested in our core businesses which involve investment of HK$30bn-HK$40bn over the next four to five years."

Inchcape first approached Hutchison about a possible deal almost a year ago and met with an initial rebuff from Mr Murray. In March, Mr Murray and Mr Charles Mackay, chairman of Inchcape Pacific, agreed that the sale should take place, subject to an agreement on the price.

Mr Mackay said that Inchcape had wanted to buy the companies because it aims to be dominant in each of its core businesses.

It was not the leader in Hong Kong's consumer and industrial marketing and distribution where it had turnover of HK$900,000 in Hong Kong last year compared with Hutchison's HK$1.6bn, which is expected to grow to HK$1.9bn this year.

Yamaha hit by decline in US exports

By Stefan Wagstyl

YAMAHA, the world's largest maker of musical instruments, suffered a decline in unconsolidated sales and profits in the six months to September due to a fall in exports to the US.

Pre-tax profits fell 14 per cent to Y9.0bn ($62.9m) and sales fell 4.1 per cent to Y203bn. Sales of electronic keyboard instruments, down 17 per cent, and electronic instruments, down 13 per cent, were particularly slow.

For the full year, Yamaha expects a sharp recovery in profits due to the fall in the yen, which should boost exports, and it is to introduce profitable products. Profits for the year are forecast to be 15.8 per cent higher at Y12bn, despite an expected 3 per cent decline in sales to Y385bn.

● Strong sales of cameras, especially autofocus models, boosted the performance of Olympus Optical, the Japanese camera maker, in the six months to the end of September.

Unconsolidated pre-tax profits jumped 57.7 per cent to Y6.3bn on sales of Y78.7bn, an increase of 21.3 per cent. Sales in the camera division were 45 per cent higher due to strong sales of compact cameras.

The group expects annual pre-tax profits to rise 39 per cent to Y13.5bn and sales to be 13.2 per cent higher at Y157.5bn.

Malaysian car builder proposes debt plan

By Lim Siong Hoon in Kuala Lumpur

UMW HOLDINGS, tbe Malaysian car assembler, is to try once more to free itself from its debt load after shareholders rejected an earlier settlemeot plan.

In the new scheme, UMW proposed raising 91m ringgit (US35m) through a rights issue of 50.4m shares, at one share for every four held or at 1.80 ringgit a share.

UMW shares were traded, before the announcement, at 4.28 ringgit each.

Three months earlier, UMW tried a more elaborate debt and equity restructuring scheme. The centrepiece of it was to convert 32.7m ringgit of a 45.4m ringgit debt into equity at 1 ringgit a share, considerably below the market worth of 3 ringgit when shareholders voted on the proposal.

Out of the remaining debt, 9.4m ringgit was to be paid in cash, and the rest written off by the creditors.

Thia acheme, UMW had pointed out, would also save the group 3.5m ringgit in interest expense.

Besides debt settlemeot, the cash call, UMW said, would be used to defray capital expenditures.

While Toyota car sales have improved this year, UMW has had a run of losses after the introduction of the rival Proton national car four years ago.

Things are looking up for the gronp, however. UMW has regained, from its Japanese principal, equity control of its assembling and distributing division – the part approved by shareholders in the earlier restructuring effort.

UMW's core business in car sales is being diluted also. In partnership with Toyota, it will begin producing rack and pinion steering assemblies in 1991 for Toyota builders in South-East Asia.

● Singapore Telecom will be privatised and its shares listed on the Stock Exchange of Singapore, according to Mr Yeo Ning Hong, the Communications and Information Minister, Reuters adds from Singapore.

A government study on the scheme will take two to three years to complete, he said.

INTERNATIONAL CAPITAL MARKETS

Supremacy battle hots up for on-screen trading

Deborah Hargreaves looks at the fight for market honours between Globex and Aurora, both of the US, and the UK's APT system

THE Chicago Mercantile Exchange seizes every opportunity to fill the headlines with its plans for trading futures and options on a screen trading system outside its regular open outcry hours.

Wednesday's announcement that the Marche à Terme International de France (Matif) will become an international partner to the system has heralded the usual round of self-congratulation. Mr Leo Melamed, chairman of Globex and head of the CME's executive committee, hails the inception of Globex as an historic development that could be a precursor for automated trading round the world.

However, Globex is yet to trade and its launch, put off several times, is now scheduled for some time during the first half of next year. In the meantime, London will grab some of the limelight with the launch of its own electronic trading system in November.

The London International Financial Futures Exchange (Liffe) plans to start up its Automated Pit Trading system on November 30. Although on a much smaller scale than Globex, Liffe's APT system could be trading all the exchange's products before Globex is launched.

The first phase of Liffe's APT start-up will list its Euromark futures contract for trading from 4.30pm until 6.00pm local time. This will be followed by the launch of Liffe's Bund futures on the APT, with the rest of its contracts added in the first half of next year.

As part of a bid to make Globex a fully international product, Mr Melamed says he would welcome Liffe joining the system at a later date. He sees the APT as largely a UK system, although Liffe hopes it will become significant internationally.

APT tries to emulate the open outcry trading pit on screen, while Globex is essentially an order-matching method. APT is similar to another screen trading venture – Aurora – at the Chicago Board of Trade.

The CME and the CBT, the two Chicago futures giants, have been discussing a merger of their different electronic systems since the beginning of the year. Mr Melamed says they have swapped many ideas on combining features of both, but talks between the two rivals appear to be stuck on the presentation of the trading screen. Globex looks like a spreadsheet, while Aurora attempts to depict pit trading.

An important part of Globex's marketing thrust has been directed at the Japanese, currently small users of derivative products. Some 33 per cent of the CME's business comes from overseas, although only a small portion of this is from Japan.

So far, Japan's Ministry of Finance has not authorised Globex screens to trade in the country, but the Government has sanctioned their use by Japanese brokerage houses in the US.

Although Globex is not yet operational, Reuters is already training more than 1,000 brokers to use the system, which will cost an initial $800 for CME members and $1,200-$1,400 for Matif members.

Liffe says its technology is more advanced than that of Globex and the "pit" format of its screen has been well received by brokers and traders. With development costs of only $2.5m, APT could have an appeal outside the home base that the CME assigns to it.

Reuters delays system for tests

By Deborah Hargreaves

REUTERS, the UK information group, says it has postponed launching the second phase of its Dealing 2000 foreign exchange markets system to allow further tests.

The system's second stage will not begin to earn revenues until the third quarter of next year, according to Reuters.

The company had hoped that the second phase of Dealing 2000, which will provide automated order matching in the foreign exchange market, would be running by the end of this year.

"If we go ahead with phase two and it is not reliable, it will be worse than nothing," a company representative said.

The first phase of Dealing 2000, which allows foreign exchange brokers to contact each other via computer, has been in operation since July. Reuters has more than 300 orders for the system and has distributed 1,500 terminals.

The delay in Dealing 2000 will not affect the start of the Globex electronic trading system, the company said.

FT INTERNATONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on November 9

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅛ 95	600	103¾	104¼	+0⅛	−0¼	8.46
Austria 9⅛ 93	140	†102¾	103¼	0	0	8.57
B.F.C.E. 8⅛ 94	175	99¾	100	+0⅛	+0⅛	8.42
B.F.C.E. 9⅛ 95	150	103⅜	103⅞	+0⅛	0	8.51
Brit. Tel. Fin. 9⅜ 98	250	104⅛	104⅝	+0⅛	0	8.63
Canada 9 96	1000	103⅞	104⅛	+0⅛	−0⅛	8.17
C.C.C.E 9¼ 95	300	103⅛	103½	+0⅛	+0⅛	8.44
C.N.C.A 9¼ 93	150	†102	102½	0	−0⅛	8.66
Credit National 8¼ 93	200	†99½	100	+0⅛	+0⅛	8.31
Credit National 7⅛ 92	100	97⅞	98⅛	+0⅛	+0⅛	8.27
Credit National 9½ 92	160	†102⅛	102⅝	+0⅛	0	8.59
Dai-Ichi Kan 9⅛ 92	150	102⅛	102⅝	+0⅛	+0⅛	8.54
Denmark 8⅛ 94	150	†98⅛	98⅝	+0⅛	0	8.63
E.E.C. 7 91	100	97⅛	97⅝	+0⅛	+0⅛	8.29
E.E.C. 10 93	140	*104⅛	104⅝	0	−0⅛	8.43
Eurofima 10⅛ 93	100	†104⅝	105	0	−0⅛	8.41
Elec. De France 9 98	200	102⅞	103⅜	+0⅛	+0⅛	8.45
Elec. De France 9½ 99	200	†105⅛	105⅝	+0⅛	−0⅛	8.60
Finland 9 96	250	†102⅛	102⅝	+0⅛	+0⅛	8.44
Fin. Exp. Cd. 8⅛ 92	200	100	100⅛	+0⅛	0	8.40
Fin. Exp. Cd. 9⅛ 95	200	†103⅛	103⅝	+0⅛	0	8.60
Ford Motor Credit 8 91	250	†98⅞	99⅜	0	0	8.74
Gen. Elec. Cap. Corp. 9 93	500	†101⅞	102⅜	0	0	8.43
Gen. Elec. Cap. Crp. 10 1/2 91	300	†102⅛	102⅝	+0⅛	−0⅛	8.50
G.M.A.C. 9 96	300	100⅞	101⅛	+0⅛	−0⅛	8.78
Gen. Mtrs. Corp. 9⅛ 92	200	101⅛	101⅝	+0⅛	+0⅛	8.39
IBM Credit Corp. 8⅜ 92	400	100⅛	100⅝	+0⅛	+0⅛	8.38
IBM Credit Corp. 8⅞ 91	250	100⅞	101⅛	0	−0⅛	8.44
IBM Credit Corp. 9 92	250	101⅛	102	+0⅛	−0⅛	8.27
IBM Credit Corp. 9½ 92	250	101⅞	102⅜	−0⅛	−0⅛	8.46
Italy 8⅛ 94	1500	100⅛	100⅝	0	+0⅛	8.43
Italy 9½ 95	1000	104⅛	105	+0⅛	+0⅛	8.46

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	100	100¼	+0⅛	0	5.99
Canada 5⅝ 93	80	98¾	99⅛	−0⅛	−0⅜	5.96
Eurofima 5 1995	20	95¼	95⅞	0	−0⅜	5.96
E.I.B. 4⅛ 93	30	96⅛	96⅝	0	−0⅛	6.06

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Sumitomo Bank 3⅛ 04 US	2/89	3997.	82¼	83¼	+0½	6.54
Texas Inst. 2⅞ 02 US	9/87	82.87	75¼	76¼	+0⅜	104.96
W.R. Grace 6¼ 02 US	9/87	42.12	90⅞	91⅞	+0¼	30.48

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Japanese insurers lift investments in property

By Michiyo Nakamoto in Tokyo

JAPAN'S life insurance companies increased the amount they put into real estate investments and loans in the first half of this year, renewing concern about the effects on Japan's already rapidly rising land prices.

Seven of Japan's life insurance companies, including Nippon Life, the world's largest life group, Dai-ichi Mutual Life, Sumitomo Life and Meiji Mutual Life, released financial statements yesterday for the six months ended September. These showed that the companies had increased their real estate investments compared with the same half year in 1988 by 23 per cent. With the exception of Sumitomo Life, they also stepped up their loans to real estate agents by 9 per cent.

The disclosures come as criticism of real-estate related investment and loans has been mounting. Japan's high prices for land are spreading throughout the country and are again beginning to show signs of escalating in urban areas.

The Japanese Finance Ministry has also again made a public appeal to financial institutions to refrain from real-estate related loans.

The real estate investments by the seven companies rose to a year-on-year combined outstanding balance of Y4,900bn ($34.2bn) while their real estate loans increased to a combined outstanding balance of Y1,860bn.

The increase in real estate investment exceeded the growth of the life insurers' net assets, which was up 18 per cent to Y80,200bn. New assets for the seven increased by 4.6 per cent to a combined Y6,470bn, although Dai-ichi Life and Sumitomo Life posted declines.

Premium income for the seven companies saw only a modest 5 per cent increase to Y9,200bn, compared with 21.4 per cent at the end of fiscal 1988 (ended March 1989).

The sluggish growth in new assets was attributed to a downturn in insurance income coinciding with a surge in policy payments.

A lack of investment instruments offering high yields meant that policy holders of high-yield single payment endowment policy contracts, in particular, did not sign up for new contracts but turned instead to other investment instruments such as recently introduced small-lot money market certificates.

Six of the large life insurers reported heavy currency exchange losses totalling Y48,300bn, but this was down from the year earlier total of Y52,000bn due to the dollar's appreciation against the yen. Sumitomo Life alone reported a currency exchange profit of Y11,100bn, after reporting a loss of Y64,500bn in the previous term.

Sumitomo Life was also the only company to report that its equity assets had topped Y4,800bn in the half-year. Nippon Life said that its equity assets exceeded Y10,000bn, but did not officially disclose a figure.

Complaints from policy holders that they should receive benefits from the extraordinary rise in value of the life insurers' equity holdings have made the companies wary of disclosing the value of their stock investments. However, industry watchers estimate that the latent equity value for 25 Japanese life insurance groups has risen to a *total of more than* Y50,000bn, amounting to about half their total net assets.

Canada acts to stop spread of multi-vote stock

By Robert Gibbens in Montreal

CANADA'S stock exchanges are taking steps to curb the spread of multi-vote shares, used by owners and managements to raise new equity without sacrificing control of their companies.

Companies listed on the Toronto, Montreal, Vancouver and Alberta exchanges have been barred from issuing shares with greater voting rights than any existing class of stock, except in special circumstances. The new rules bring Canada more into line with US practice.

The policy does not affect multi-vote and non-voting shares already quoted, but analysts say it is a step towards one class of shares.

● Sears Receivables Financing, the financing arm of the Sears Roebuck retailing group, has filed a registration statement for $500m of credit account trust 1989 E pass-through certificates. Dean Witter Reynolds, Goldman Sachs and Salomon Brothers are managing underwriters.

INTERNATIONAL CAPITAL MARKETS

Flow of Canadian dollar deals threatens oversupply

By Andrew Freeman

TWO CANADIAN DOLLAR deals added to the already copious recent supply on the Euro-bond market yesterday. Traders warned that the sector is looking full of paper, but reported selective demand.

INTERNATIONAL BONDS

The secondary market for Euro-Canadian bonds was firm, reacting to the strength of the government market which rose by up to ⅛ point in some maturities. Investors were encouraged by hopes that the currency will appreciate against the US dollar, while yields remained attractive.

Deutsche Bank Capital Markets (DBCM) brought a C$200m 10-year deal for Deutsche Bank Finance to a good reception. The bonds came with a 10¼ per cent coupon and, at less 2 per cent full fees, offered a yield of 60 basis points over Canadian government paper.

The deal was syndicated along traditional lines, although all participants had co-lead manager status and there was no *praecipuum*, a fee charged by the lead manager for its extra work in bringing an issue.

A DBCM official said the bank had considered the fixed-price re-offering structure, but had rejected it on the grounds that the issue would have strong retail demand through the bank's own branch network. Sales can be made to retail investors at issue price, implying better returns for the underwriting banks.

DBCM was quoting the paper at less 1.80 bid, comfortably inside fees. Demand was steady from German fund managers, while other members of the syndicate reported interest from Benelux investors. Proceeds were swapped into floating-rate US dollars. At yesterday's attractive swap rates, the funding rate would have been around 35-40 basis points below Libor.

IBJ issued a C$100m fungible five-year issue for Eksportfinans, and brought the new bonds in line with the existing paper. Demand was steady rather than spectacular, and the bonds were trading on fees at less 1⅞ bid. Proceeds were swapped into floating-rate US dollars.

Secondary Euro-dollar bonds benefited from the Treasury market's buoyant reaction to the PPI figures, and gained between ⅛ and ¼ point across the board.

The good background helped news of two fixed-price re-offered deals in the sector, both of which were announced late yesterday.

Nomura will bring a $250m five-year issue for Toyota Motor Credit Corporation (TMCC), with an indicated yield of 58/62 basis points over Treasuries. Pricing is expected to be completed today. Proceeds will be swapped into floating-rate dollars.

Shearson Lehman Hutton was the lead manager of a $150m, later increased to $200m, 10-year deal for Royal TrustCo which was priced at a re-offer level of 99¾ to yield 110 basis points over the existing 10-year Treasury. The deal came too late for detailed comment.

The TMCC issue met a favourable reaction from traders, who said it looked well priced. There was some comment about the small syndicate of only seven banks. Several houses commented that they had been excluded from the deal, but a TMCC official defended the exclusions, saying it felt that a small group of significant dollar houses allowed tight control and good information flow on a re-offered issue.

Elsewhere, Crédit Lyonnais won the mandate for a FFr1bn 10-year deal for Crédit Local against fierce competition from banks offering a US dollar deal swapped into floating-rate French francs.

The bonds offered a 9¼ per cent coupon and at less 2 per cent full fees were priced to yield 58 basis points over the 8½ per cent government issue due 1999. With the domestic market performing well, the issue had a good reception and traded inside fees at less 1¾ bid. Crédit Lyonnais reported good foreign demand and said the proceeds had been swapped into floating-rate francs.

In Germany, the secondary market saw gains of around ⅛ point on average amid improved turnover. The recent Italstat deal was trading steadily at less 3¼ bid, unchanged from Wednesday.

Deutsche Bank was the lead manager of a DM300m 10-year floating-rate note issue for LKB Baden-Wuerttemberg Finance, a Netherlands-based unit of the state-owned bank. The notes were priced at 99.90 and offered investors Libor flat. Demand was reasonable, and the paper was quoted at 99.75 bid, just inside fees.

In Switzerland, grey market prices edged around ¼ point higher, but trading remained very thin. Crédit Suisse is expected to launch a SFr125m 10-year deal for Crédit Foncier with a 6⅛ per cent coupon. Other banks said the terms looked very tight, and UBS said it would not be participating in the deal.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
CANADIAN DOLLARS						
Deutsche Bank Finance◆	200	10¼	101⅞	1999	2/1⅞	Deutsche Bank Cap.Mkts
Eksportfinans(e)◆	100	10⅛	100⅛	1994	1⅞/1¼	IBJ Int.
US DOLLARS						
Royal Trustco(b)◆	200	9⅛	99¾	1999	⅜/¼	Shearson Lehman Hutton
FRENCH FRANCS						
Credit Local(b)	1bn	9¼	100⅝	1999	2/1¾	Credit Lyonnais
D-MARKS						
LKB Baden-Wuerttemberg(d)‡◆	300	(d)	99.90	1999	20/10bp	Deutsche Bank
SWISS FRANCS						
Credit Foncier de France(a)◆	125	8⅛	101	2000	n/a	Credit Suisse
ECUs						
Thomson-Brandt Int.(c)◆	105	10	101⅞	1991	1⅛/⅝	Credit Lyonnais

◆Final terms. ‡Floating rate notes. a) Issue may be increased to SFr150m. Non-callable. b) Non-callable. c) Issue increased from Ecu75m. Non-callable. d) 6-month Libor flat. Call from Nov. 1993 at 100. e) Fungible with C$150m issue.

Regulators back Congress plan on programme trading

By Janet Bush in New York and Deborah Hargreaves in London

A NUMBER of key regulators and representatives from Wall Street yesterday lent their support to proposed legislation in Congress designed to limit programme trading in times of market stress.

Yesterday was a key day in the current debate about programme trading as the House Telecommunications and Finance sub-committee held hearings on its proposed Stock Market Reform Act, 1989.

The bill includes provisions which would mandate securities houses to report large trades to the Securities and Exchange Commission and give the SEC ultimate power to close the stock market.

Yesterday's main topic was a suggestion that the bill should empower the SEC to suspend computerised programme trading during extreme volatility.

At issue is stock index arbitrage, the programme strategy in which traders capture the price difference between stock index futures contracts and their underlying stocks.

Mr Joseph Hardiman, president of the National Association of Securities Dealers, which oversees the over-the-counter market, yesterday released a letter to the sub-committee, supporting such authority for the SEC. He recommended that margins for trading stock index futures should be raised - they are around 5 per cent compared with around 50 per cent for common shares - and that the SEC should have authority over all equity derivative instruments.

In a speech yesterday, Mr John Phelan, chairman of the New York Stock Exchange, said he supported efforts in Congress to control market volatility.

In testimony before the sub-committee Mr Donald Regan, former US Treasury Secretary, said stock index futures should be banned or curtailed through higher margins.

Mr Stephen Timbers, chief investment officer with Kemper Financial Services, the first investment management firm to announce that it would no longer do business with houses active in stock index arbitrage, said he supported the proposed legislation as a necessary addition to the SEC's powers. Kemper, he said, supported the inclusion of a provision to stop index arbitrage during high volatility.

In a speech in defence of programme trading at a conference in London yesterday, Mr Leo Melamed, chairman of the Chicago Mercantile Exchange's executive committee, said the question of whether programmed index arbitrage contributes to greater volatility on the New York Stock Exchange is still open.

Index arbitrage accounts for a significant portion of trading in the CME's Standard & Poors 500 stock index futures contract, although Mr Melamed believes the NYSE's efforts to limit the use of programme trading will have "no meaningful effect" on futures volume.

Mr Melamed said the changing structure of the stock market, the removal of fixed commissions and the globalisation of financial markets have done more to create volatility than the use of index arbitrage.

Yugoslavian market established

THE FIRST money and securities market in Yugoslavia in 43 years has been formally established in Belgrade, according to the state Tanjug news agency, AP-DJ reports.

The state agency said that the exchange, which is to begin operating on December 31, will deal only in short-term financial documents such as banking certificates at first, and will initially be used only by banks and other financial institutions. However, the present Financial and Securities Market will evolve into a full-fledged stock market, allowing individual citizens to operate on it, the Borba newspaper reported.

"We are preparing to have in the future a stock market like any other," said Mr Dragutin Gajic, an adviser in the Yugoslav National Bank.

Treasuries improve on back of favourable producer price index

By Janet Bush in New York and Rachel Johnson in London

US TREASURY bonds moved modestly higher yesterday morning as the market digested October producer prices figures and found nothing too worrying in them.

GOVERNMENT BONDS

At midsession, the Treasury's benchmark long bond stood ¼ point higher for a yield of 7.86 per cent.

The October PPI rose by 0.4 per cent last month, a somewhat larger rise than the 0.2 per cent predicted by economists.

Nevertheless, excluding the volatile food and energy components, the index rose by only 0.1 per cent, having gained 0.7 per cent in September.

The 0.4 per cent gain in October gave a compounded annual rate so far this year of 5.2 per cent.

Analysts said that the release pointed to an easing in inflation, making the Fed's move to lower interest rates this week quite justified.

Bond price gains after the PPI release were limited by the enormous supply that the market faces.

Because of the apparent easing to a Fed funds target of 8¼ per cent this week, yields have fallen to levels which bond traders think may not be attractive.

The rule of thumb in the weeks leading to the quarterly refunding was that Japanese investors would be heavy buyers at yields above 8 per cent. Yields are now below this level along the yield curve.

Yesterday, the $10bn tranche of three-year bonds was held. The sale of $10bn of cash management bills is scheduled for today with the $10bn 10-year auction on Monday and the $10bn 30-year sale on Tuesday.

The Fed executed overnight matched sales, consistent with a Fed funds target of 8¼ per cent.

Fed funds had opened at a low of 8⅝ per cent but then firmed a little to 8¾ per cent after the Fed announced it was draining liquidity.

■ EUROPEAN government bond markets have taken the Fed's easing of monetary conditions as a signal that short-term interest rates might come down soon.

Gains of up to 10 pfennigs were made in the German bond market yesterday, where the new 10-year bund's terms were fixed at 7.18 per cent and priced at 99.6. The market closed unchanged, or made gains of up to ten pfennigs in medium-dated stocks.

■ THE FED'S activity was well received in France, where the market rose steadily over the week from low levels.

In the futures market, bonds held on to the past two days' strong gains to close about a point and a half higher than on Monday.

The December futures contract on Matif closed at 105.92, 20 basis points higher than the day before, having touched a high of 106.02, amid very heavy trading of over 100,000 contracts.

Traders said that the easing of pressure on short-term interest rates would stimulate aggressive interest in shorter-dated stocks.

Overnight interbank rates have already eased from 10 per cent to 9.5 per cent hoping for an official lowering in interest rates.

■ IN THE UK, gilts waited patiently for the Bank of England quarterly bulletin, which emerged after hours. Traders expected its impact this morning to be relatively neutral.

The futures market ended higher, encouraged by data showing a slackening of inflationary pressures in the US. The December bund on Liffe was especially busy, reflecting the renewed optimism in the German market, and touched a high of 92.20 before ending at 92.22, up 24 basis points. In the cash market, movements were more restrained, with gains of about ½ being registered at the shorter end, ⅛ at the longer end.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	104-25	+4/32	11.48	11.72	11.66
		8.750	1/98	95-15	+8/32	10.59	10.78	10.75
		9.000	10/08	94-08	+9/32	9.67	9.84	9.73
US TREASURY *		8.000	8/99	101-01	+9/32	7.84	7.89	8.01
		8.125	8/19	103-01	+9/32	7.86	7.89	8.00
JAPAN	No 111	4.600	6/98	94.7674	+0.112	5.49	5.45	5.34
	No 2	5.700	3/07	102.2306	+0.182	5.45	5.32	5.14
GERMANY		6.750	6/99	98.6000	+0.300	7.20	7.16	6.98
FRANCE	BTAN	8.000	7/94	94.7867	+0.477	9.40	9.50	9.14
	OAT	8.125	5/99	95.1300	+0.400	8.89	9.02	8.74
CANADA *		9.500	10/99	100.4625	+0.086	9.42	9.46	9.60
NETHERLANDS		7.250	7/99	97.4800	+0.250	7.62	7.59	7.40
AUSTRALIA		12.000	7/99	92.6850	+0.355	13.36	13.55	13.64

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds, others in decimal
Technical Data/ATLAS Price Sources

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Thursday November 9 1989: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Wed Nov 8: Index No.	Tue Nov 7: Index No.	Mon Nov 6: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (206)	886.39	-0.4	12.56	4.79	9.74	27.91	890.26	877.04	873.08	818.42
2	Building Materials (28)	1067.51	+0.3	14.90	5.26	8.37	35.83	1064.74	1038.14	1037.89	1034.08
3	Contracting, Construction (37)	1409.28	+0.2	17.46	5.49	7.48	55.10	1406.77	1380.22	1383.08	1585.61
4	Electricals (10)	2532.99	-0.1	10.87	4.91	11.56	68.98	2535.38	2506.79	2502.56	2384.11
5	Electronics (30)	1942.29	-1.8	9.49	3.78	13.58	58.67	1977.58	1952.58	1933.53	1744.83
6	Mechanical Engineering (53)	468.39	-0.3	11.96	4.88	10.17	14.68	469.62	461.10	459.25	431.76
8	Metals and Metal Forming (6)	464.51	+0.4	22.13	6.44	4.98	16.13	462.77	459.09	455.68	515.68
9	Motors (18)	361.80	-0.6	11.01	4.79	10.46	11.79	364.09	361.98	363.80	285.04
10	Other Industrial Materials (24)	1649.80	-0.4	10.81	4.54	11.78	51.93	1655.92	1640.98	1624.60	1370.88
21	CONSUMER GROUP (185)	1249.33	-0.3	8.82	3.55	14.26	27.90	1253.02	1240.22	1239.32	1071.86
22	Brewers and Distillers (23)	1402.16	-0.1	9.33	3.51	13.41	28.11	1403.95	1382.97	1379.44	1147.26
25	Food Manufacturing (20)	1086.24	-1.0	9.44	3.95	13.37	25.28	1097.72	1091.76	1089.43	969.49
26	Food Retailing (15)	2296.93	-0.8	9.10	3.09	14.53	44.25	2314.61	2328.95	2302.37	1849.99
27	Health and Household (14)	2506.29	+0.2	6.22	1.92	19.15	48.54	2502.02	2476.69	2483.85	1863.43
29	Leisure (34)	1560.26	-1.2	8.36	3.68	14.74	37.32	1579.62	1554.74	1544.25	1424.27
31	Packaging & Paper (15)	532.42	+0.2	11.27	5.58	11.06	16.17	531.16	527.60	531.62	553.59
32	Publishing & Printing (18)	3619.90	+0.3	8.93	4.79	14.36	107.68	3607.56	3570.80	3572.66	3458.38
34	Stores (32)	779.39	+0.1	10.95	4.74	11.90	21.60	778.90	766.88	770.15	736.67
35	Textiles (14)	514.48	+0.5	11.10	5.71	10.92	15.85	511.91	509.01	510.90	587.07
40	OTHER GROUPS (94)	1103.96	-0.4	10.63	4.64	11.41	27.58	1108.64	1096.85	1092.57	906.76
41	Agencies (17)	1480.48	-1.0	7.13	2.44	17.30	25.29	1495.89	1485.94	1490.31	1087.40
42	Chemicals (22)	1173.87	-0.9	12.78	5.33	9.22	43.50	1184.28	1173.74	1166.70	1054.17
43	Conglomerates (14)	1609.74	-0.4	10.62	5.29	11.11	36.04	1616.47	1585.92	1564.89	1255.09
45	Transport (13)	2142.63	-0.8	10.42	4.57	12.27	56.50	2160.59	2139.19	2145.76	1961.12
47	Telephone Networks (2)	1063.67	+0.1	11.40	4.64	11.44	22.38	1062.86	1054.53	1050.50	975.82
48	Miscellaneous (26)	1824.09	-0.2	9.51	4.51	11.87	44.04	1827.58	1803.28	1808.90	1217.99
49	INDUSTRIAL GROUP (485)	1128.72	-0.4	10.28	4.18	12.00	28.73	1132.87	1119.60	1116.95	975.37
51	Oil & Gas (15)	2128.39	-0.5	10.18	5.33	12.99	87.50	2139.26	2127.22	2128.77	1758.50
59	500 SHARE INDEX (500)	1212.93	-0.4	10.26	4.34	12.13	33.53	1217.63	1204.38	1202.03	1041.37
61	FINANCIAL GROUP (121)	776.13	+1.3	-	5.37	-	28.35	765.91	756.85	758.41	688.16
62	Banks (9)	784.88	+3.3	21.96	6.37	5.98	35.17	759.99	756.00	750.17	666.37
65	Insurance (Life) (8)	1293.14	+0.8	-	4.90	-	47.56	1283.20	1253.43	1248.16	968.58
66	Insurance (Composite) (7)	658.27	+0.4	-	5.74	-	28.34	655.82	643.14	633.98	518.87
67	Insurance (Brokers) (7)	1092.56	-0.4	6.89	5.75	19.32	45.26	1096.88	1071.81	1049.60	957.67
68	Merchant Banks (11)	423.34	-0.2	-	3.99	-	9.70	424.34	422.18	421.43	348.31
69	Property (49)	1178.18	+0.4	7.61	3.49	16.60	22.74	1173.81	1159.96	1151.38	1242.92
70	Other Financial (30)	321.54	-0.4	12.34	6.67	10.56	13.34	322.80	321.18	318.12	369.39
71	Investment Trusts (69)	1202.15	-0.3	-	2.91	-	21.61	1205.42	1198.83	1191.53	938.67
81	Mining Finance (1)	708.28	+1.5	10.55	3.80	10.65	22.25	698.01	687.75	677.48	578.48
91	Overseas Traders (7)	1402.60	+0.3	9.89	5.76	11.60	49.80	1398.61	1387.68	1376.23	1425.90
99	ALL-SHARE INDEX (698)	1108.87	-0.1	-	4.46	-	31.96	1109.88	1097.59	1094.19	954.67

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 8	Nov 7	Nov 6	Nov 3	Nov 2	Year ago
FT-SE 100 SHARE INDEX‡	2201.7	-2.1	2213.3	2193.3	2203.8	2178.2	2169.6	2173.1	2154.1	1826.2

FIXED INTEREST

	PRICE INDICES	Thu Nov 9	Day's change %	Wed Nov 8	xd adj. today	xd adj. 1989 to date
	British Government					
1	Up to 5 years	116.93	+0.15	116.76	-	10.50
2	5-15 years	130.80	+0.25	130.48	-	11.60
3	Over 15 years	139.79	+0.36	139.29	-	12.71
4	Irredeemables	158.42	+0.73	157.27	-	13.42
5	All stocks	128.75	+0.23	128.45	-	11.52
	Index-Linked					
6	Up to 5 years	139.60	+0.18	139.35	-	2.79
7	Over 5 years	138.67	+0.15	138.46	-	3.21
8	All stocks	138.62	+0.15	138.41	-	3.15
9	Debentures & Loans	107.60	-0.01	107.61	-	9.19
10	Preference	86.65	+0.32	86.37	-	5.26

	AVERAGE GROSS REDEMPTION YIELDS		Thu Nov 9	Wed Nov 8	Year ago (approx.)
	British Government				
1	Low	5 years	9.89	9.95	9.74
2	Coupons	15 years	9.62	9.66	9.26
3		25 years	9.53	9.58	8.93
4	Medium	5 years	10.96	11.01	10.14
5	Coupons	15 years	9.99	10.02	9.36
6		25 years	9.64	9.69	9.03
7	High	5 years	11.09	11.13	10.27
8	Coupons	15 years	10.19	10.23	9.60
9		25 years	9.78	9.83	9.21
10	Irredeemables	†	9.58	9.65	8.80
	Index-Linked				
11	Inflation rate 5%	5yrs.	3.59	3.66	2.82
12	Inflation rate 5%	Over 5 yrs.	3.61	3.62	3.57
13	Inflation rate 10%	5 yrs.	2.78	2.83	1.73
14	Inflation rate 10%	Over 5 yrs.	3.44	3.45	3.41
15	Debs &	5 years	13.76	13.77	11.71
16	Loans	15 years	12.31	12.32	11.85
17		25 years	11.90	11.90	10.69
18	Preference	†	10.66	10.70	10.14

‡Opening index 2205.7; 10 am 2201.1; 11 am 2202.5; Noon 2210.5; 1 pm 2212.6; 2 pm 2212.1; 3 pm 2211.2; 3.30 pm 2205.0; 4 pm 2203.6 (a) 1.33pm (b) 10.12am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p. Funding 5¼ % 1987-1991 has been excluded from the calculation of low coupon gilt yields since 20/10/1989. CONSTITUENT CHANGE: Caradon (2) has been deleted and replaced by Ashley Group (26).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	97	1	5
Corporations, Dominion and Foreign Bonds	14	0	27
Industrials	368	403	840
Financial and Properties	133	159	381
Oils	17	31	46
Plantations	2	1	6
Mines	47	36	88
Others	94	50	120
Totals	762	681	1,513

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price	+or-	Net Div	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	66	51	Abtrust New Dawn B Wts	66	+1	-	-	-	-
$75	F.P.	-	83	83	‡Air London 5p	83		R2.25	2.5	3.6	12.6
$20	F.P.	-	23½	21	*Aston of Distinction 5p	21	-½	-	-	-	-
†	F.P.	-	100	95	‡Bexhill Devlpmts 50p	100		1.8	5.9	2.4	9.3
§100	F.P.	-	128	100	‡Boxmore Intl. 10p	123xd		u5.2	1.9	5.6	11.9
§82	F.P.	-	91	86	‡CIA Group 5p	88		R2.5	3.6	5.7	10.0
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+or-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
105	Nil	4/12	1¾pm	1¼pm	‡Wire Group 10p	1¼pm	
23	Nil	13/12	7pm	5½pm	‡Ross Cons. Elects. 10p	7pm	
25	Nil	-	16pm	4pm	‡WB Industries	13pm	+2
160	Nil	8/12	8pm	3pm	‡Ultra-Vision 1r5p	3pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ◆ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ‡ Unlisted securities market. ◆ Official London listing. □ Including warrants entitlement. * Third Market. ‡ Price at suspension. ** Units comprising 12 ord & 5 warrants attached.

TRADITIONAL OPTIONS

- First Dealings Nov 6
- Last Dealings Nov 17
- Last Declarations Feb 8
- For settlement Feb 19

For rate indications see end of London Share Service

Calls in: BAA, Tuskar Res., Coloroll, Amstrad, Fisher (A), Bear Brand, Control Secs., Next, WB Inds., Hanson Wts., New England Props. Put & Call: Coloroll.

LONDON TRADED OPTIONS

THE LONDON Traded Options Market was again modestly traded despite the increase in turnover on the underlying market. The bulk of business was conducted in stock options.

Total volume on the options market amounted to 27,241 contracts. This was divided between 15,106 calls and 12,135 puts.

Racal was the busiest stock option following news that talks with GEC over the possible sale of Racal's instruments and automation businesses had been broken off.

Racal traded 2,163 contracts, of which 1,526 were calls and 637 puts. The busiest series was the November 230 put, which traded 516 contracts.

Barclays was also actively traded after news that Lloyds Bank had written off £1.2bn in provisions against Third World debt. The announcement was viewed positively for stronger banks with large overseas interests. In the absence of a Lloyds traded option, attention focused on Barclays, with call buyers in evidence.

Barclays turned over 1,316 contracts, divided between 1,240 calls and 76 puts. The March 500 call was the busiest series, trading 525 contracts.

Pilkington featured, reflecting heavy trade in the underlying market. Dealers said talk of a single aggressive US buyer drove its cash price higher. Activity in Pilkington was weighted towards calls.

Total turnover amounted to 1,013 contracts, of which 983 were calls and 30 puts. The February 260 call series was the busiest, trading 514 lots.

The FT-SE 100 Index option were modestly traded as institutions remained on the sidelines. The futures market continued to trade at a premium of around 24 points to the cash index, on a lack of sellers and a belief that UK interest rates will not be raised further.

However, that did not boost FT-SE options trading, which stayed quiet. FT-SE traded 9,812 contracts compared with 12,597 on Wednesday.

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utd.Biscuits (*354)	330	42	33	62	5	10	10
	360	21	35	43	15	22	23
	390	7	20	-	37	40	-
Unilever (*619)	600	46	67½	83	17	27½	32
	650	18½	36½	51½	41½	49	53½
	700	6½	20	32½	85	87½	89½
Ultramar (*339)	300	55	63	72	4	8	12
	330	27	42	52	12	20	23
	360	15	25	33	25	30	35
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Nov.	Calls Jan.	Calls Apr.	Puts Nov.	Puts Jan.	Puts Apr.
ASDA Grp. (*136)	130	11	17	22	3	7	10
	140	5	12	17	8	12	14
Option		Nov.			Nov.		
Gateway (*237)	220	-	-	-	1	-	-
	240	1	-	-	11	-	-
Option		Jan	Mar	May	Jan	Mar	May
Polly Peck (*345)	330	34	44½	55½	12½	17½	21½
	360	18½	29½	40	28	33	37½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

UK COMPANY NEWS

Storehouse fall of £15m is less than City feared

By Maggie Urry

STOREHOUSE, the BhS, Habitat and Mothercare retail group, yesterday reported a sharp fall in pre-tax profits from £23.6m to £8.7m for the 24 weeks to September 16. However, the shares rose 6p to 112p due to relief in the market that the numbers were not even worse and that the interim dividend had been maintained. Some analysts had forecast a loss and a dividend cut.

Group sales rose from £514.8m to £535m. The pre-tax profit included property disposal profits of £9.2m (£1.2m) and store closure costs of £4.7m (£900,000), which took in a £3m provision for closing seven or eight Habitat shops. The interest charge fell to £4.3m (£7.1m), because of lower debt. Gearing is expected to be 15 per cent at the year end, unchanged from a year ago.

Sir Terence Conran, chairman, said the group's basic problem, like that of many other retailers, was that "costs continue to rise faster than sales." He added that in the full year "clearly we will not be able to regain the ground lost during the first half." A decision on the final dividend would be made next summer.

Mr Michael Julien, group chief executive, said the problems were all "fixable" and that management changes meant the people were in place to fix them. He said the process would take another two years, and much could be done to improve and reposition the stores, without great expense and without an improvement in the retail climate.

Mr David Dworkin, an American retailer, has been appointed new chief executive for BhS. Mr Geoff Davy, currently chief executive, has resigned.

Some analysts said the figures could mark the start of Storehouse's recovery, but others disagreed. Mr John Richards at County NatWest, said the group faced a "mammoth task" in revitalising "three tired brands."

Group sales showed a 4 per cent volume fall in like-for-like stores, with a drop of 3 per cent in BhS, 6 per cent in home furnishings at Habitat and Heal's, and 2 per cent in speciality retailing – Mothercare, Richards, Blazer, Anonymous and Jacadi.

Across the group variable store costs, such as wages, rose by 6 per cent, while fixed costs, such as rent and rates, rose 11 per cent.

BhS increased sales by 2 per cent to £2.3m (£11.3m). The home furnishing division lost £2.4m (profit £4.2m), although Habitat France had made a £2m profit. Sales in the division were unchanged at £108m.

In speciality retailing, sales rose 9 per cent to £189.8m, but profits slipped 7.5 per cent to £8.7m. Within that Mothercare's profits fell to £5.2m (£8.7m) and the other chains increased profits from £700,000 to £3.5m, including a first time profit from Jacadi. Richards increased sales by 20 per cent and Blazer and Anonymous by 50 per cent.

An extraordinary charge of £6.4m related to the sale of Storecard, the group's chargecard. The interim dividend of 2.5p, costs £10.2m, largely payable from reserves. Earnings per share were 1.8p (3.7p).

● COMMENT

While Storehouse's almost entirely new management team appears to be getting to grips with its problems, there is no arguing about the scale of the job, or the fact that it has to be done in the worst period for retailers that most can remember. Mr Julien may be right in suggesting that the current period may represent a sea change in British retailing, not just a blip. If that is the case, the decision on the final dividend, which would cost over £25m, will be a tough one. Clearly Mr Julien would like to maintain it – cynics would say because of the takeover threat. But the market is not expecting that, judging by the prospective yield of 10.5 per cent. Nor are the shares priced on this year's earnings, which might give a p/e of 25 at a rough guess. Buying for recovery is an act of faith, and there are still plenty of sellers about.

Same lines but with little meaning

Clay Harris and Nikkit Tait look at Rothmans as Philip Morris sells its stake to the South Africans

THE SCRIPT for Richemont's bid for Rothmans International employs every buzzword and many of the plot devices seen in the biggest takeover battles of the past year.

Brands, demergers, enhancing values for shareholders, continental European companies run by South Africans, how best to re-invest the cash harvest from tobacco companies. These familiar lines, widely rehearsed in the bids for Consolidated Gold Fields and BAT Industries, have come around again.

This time, however, the shadows from backstage are the only show. Richemont affects to be a most reluctant bidder. "I would suggest that it's not in anyone's interest to accept," Mr Johann Rupert, managing director, said yesterday. On the terms he is offering, he is unlikely to be disappointed.

Paul Murphy

Johann Rupert: "I would suggest that it's not in anyone's *interest to accept*"

Richemont, moreover, said it planned no immediate management changes at Rothmans, although with many executives in their late 50s and early 60s, Mr Rupert said: "It's clear that some succession planning is in the offing."

Mr Rupert would hardly be in a position to complain about Rothmans' performance anyway. *His family has* held *effective* control over the UK group since 1972, a position barely affected by Philip Morris's eight years as a sharehnlder.

Indeed, analysts yesterday appeared more surprised at the price at which the Philip Morris stake was heing handed nver than at the deal itself. That, sngested one pundit, had looked increasingly likely ever since the Rupert family set up Richemont, a listed Swiss-based company, last year to hold Rembrandt's non-South African interests - thereby giving them added incentive tn regain control of Rothmans' cash flow.

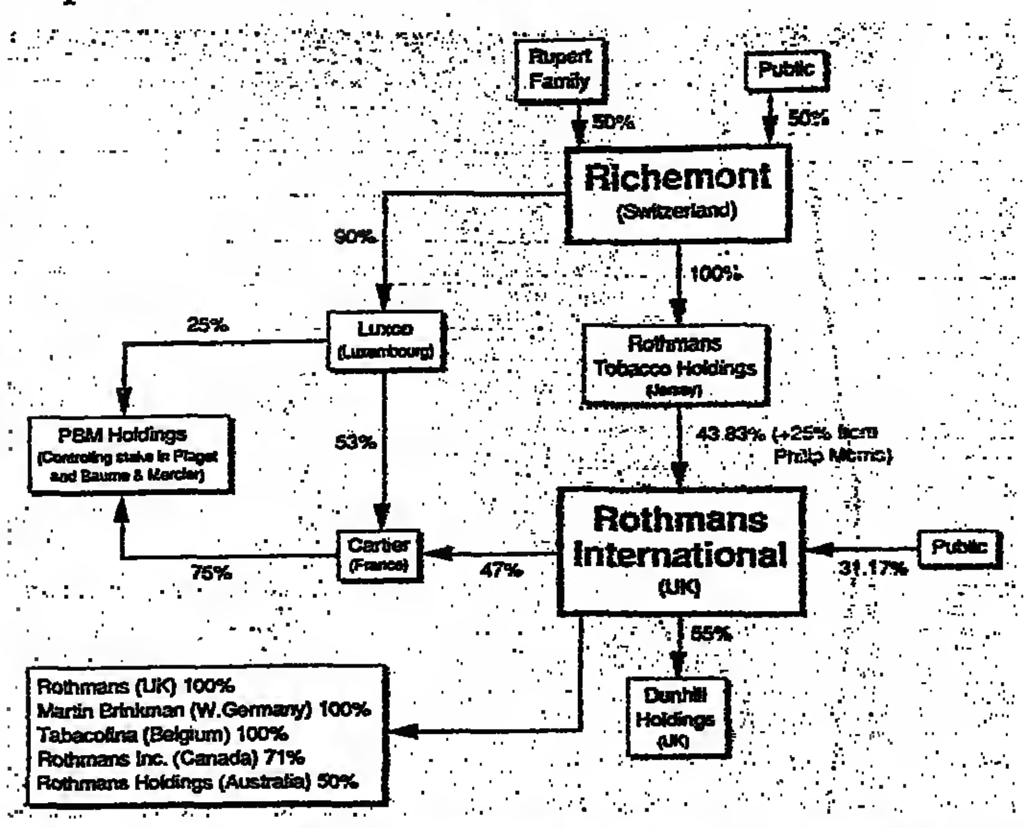
Four years earlier, any plans Philip Morris may have had for using its 25 per ceot stake in Rothmans as a plstform for more significant things were stymied by a European Community ruling. This restricted the voting holding to 25 per *cent and denied Philip Morris* any managerial role at Rothmans.

But if the natural huyer and natural seller were ohvious, the London market seriously overestimated tbe price and terms on which the deal might be done. Rothmans shares had risen from around 425p a year ago, to over 600p hy mid-July and 669p ahead of yesterday's news. By contrast, the value of the Richemont offer is *estimated* hy the Swiss group's advisers at only 588p a share - and even then the payment is not in casn, hut in unlisted loan notes.

Yesterdsy, Philip Morris's advisers said the US gronp's options had been severely limited by tha original "implementation schedule," drawn np when Morris bought its holding from Rembrandt in 1981. This set ont the manner hy which either party could dispose of their stakes.

Not only did Rembrandt/Richemont have a pre-emptive right to match the price offered by any other huyer, hut there were cumbersome procedures to go through and the canny split of tbe Cartier holding between Richemont and Rothmans could make valuation difficult for a hostile purchaser. The placing route was rendered difficult by the size of *the holding.*

For Richemont, Mr Rupert just smiled sweetly and said the price that emerged was just "a matter of negotiation."



But if Philip Morris has exited for the best, if less than glorious, terms it could extract, a questionmark remains over where the Rothmans price goes next, given that mnch of the speculative fizz has evaporated. Yesterday, the shares remained fairly firm at 638p - a matter of further surprise to some analysts.

Not unnaturally, Richemont appears to be doing its best to prevent a wave of selling. The deal has been announced a tantalising two weeks ahead of Rothmans' interim results, and the hidder added that it would discuss "ways of enhancing the value of shareholders' interests in Rothmans group companies."

Over qulte what that might mean, Mr Rnpert was studiously vague. Bnt it seemed to cut little ice with a number of analysts, nnr with Mr David Montagu, Rnthmans' chairman. "I haven't the remotest idea what we're going to do," he commented, "and I don't expect anything to happen imminently."

Fnr his part, Mr Rupert's main line yesterday was to stress the importance he placed on huilding and exploiting brands.

Under the Ruperts' guidance, Rothmans has invested its tobacco surplus in manufacturers nf luxury goods, such as Dunhill Holdings, Cartier, Piaget and Baume & Mercier, a clear contrast to the rather broader diversification at BAT.

But *the* group's ownership structure gives Mr Rupert an advantage denied Mr Patrick Sheehy at BAT. "Few companies are offered the luxury today of long-term planning," Mr Rupert admits. "You do not huild value overnight. You huild value over a five to ten-year period, and then you have *real* value."

Sea Containers plan survives challenge

By Andrew Hill

SEA CONTAINERS, which is *defending itself against* a $1.02bn (£643m) Anglo-Swedish bid, has fought off the predators' latest attempt to outlaw its alternative plan in the courts.

A US court has denied Tiphook, the UK cuntainer rental company, and Stena, a private Swedish ferry operator, a temporary restraining order. The nrder would have prevented Sea Containers from buying or selling its own stock.

Last week Mr Jim Sherwood, Sea Containers president, announced his long-awaited alternative to the $63-a-share *bid from Tiphook and Stena.* It involves a $1.1bn asset disposal programme and a $70-a-share tender offer for about half Sea Containers' equity.

Sea Containers shares were trading at about $64½ each in New York yesterday.

Sidlaw buying Transrap in £9m deal

By Lisa Wood

SIDLAW, the Scottish-based packaging, oil services and textile group, is expanding its packaging division with the acquisitinn of Transrap, a USM-quoted plastics group, in a deal worth some £9m.

It has received irrevocahle undertakings in respect of 78 per cent of the capital. Tha *7-for-17 terms* value *Transrap* shares at 66p each. There is a cash alternative of 64p for up to 40 per cent of individual shareholdings.

Transrap yesterday announced results for the half year to September 30, which showed pre-tax profit virtually static at £439,000 (£433,000) on turnnver 14 per cent up at £4.05m (£3.55m). Comparisons were restated for the acquisition of B Norman (Essex).

The interim dividend is maintained at 1p from earnings of 2.51p (2.6p).

Allied Insurance Brokers bids maximum £9.9m for Neil Lewis

By Andrew Bolger

Allied Insurance Brokers said yesterday it had conditionally agreed to acquire the insurance services group Neil Lewis Associates for a maximum of £9.9m.

Allied said NLA specialised in creditor insurance for retail financial institutions under which, if certain specified events (such as death, disability or redundancy) occur, a claim may be made for the sum of money to be used to repay the creditor.

NLA, which in the year to March 31 made pre-tax profits of over £1m, was started in 1981 by Mr Neil Lewis and Mr Greg Burns in 1981. Mr Lewis will join the board of Allied, and both will remain to run their company.

Allied's USM-qnoted shares were suspended on Wednesday at 132p, pending this announcement. The acquisition will be paid for in two tranches. The initial payment will be satisfied by the allotment of 6.5m new shares at 140p to the vendors.

Tha balance of 3.3m new shares are to be offered to Allied shareholders by way of a rights issue at 111p per share by *Laing* and *Cruickshank*, which is underwriting the issue.

Mr Nigel Cayzer became executive chairman of Allied in June and his brother, Mr Rnpert Galliers-Pratt, jnined the board as a non-executive director. Together they own *just* under a *third of the* existing shares in the company. Their stake will be heavily diluted by the rights issue, but they intend to take up some of the new shares

Allied made pre-tax profits of £267,000 on turnover of £1.85m to the half-year to June 30. It has a market capitalisation of £4.4m.

The acquisition and rights offer will be put to shareholders at an extraordinary general meeting on November 27.

DIVIDENDS ANNOUNCED

Appleby Westward	int	2.55	Jan 2	2	-	6.5
Barlows	int	0.825	-	0.75	-	2.25
Body Shop	int	0.825	Feb 6	0.45*	-	1.69*ǂ
Cabra Estates	int	1.25	-	1	-	4
Daks Simpson	fin	7.95	Jan 3	7.95	10.95	10.95
Futura	int	0.5	Jan 16	0.5	-	1.25
Glamar	int	0.75†	Jan 12	2	-	2
Gleeson (MJ)	fin	6.9	Jan 24	6	9.36	8.14
King & Shaxson	int	2.5	Dec 15	2.5	-	9.25
Ports Sunderland	int	2.26	-	1.51	-	6.86
Sanders/Sidney §	int	2.3	Jan 11	2	-	6
Somic	int	1	-	1	-	3.25
Staveley Inds	int	2.1	Jan 2	1.9	-	6.8
Storehouse	int	2.5	Feb 15	2.5	-	8.8
Transrap §	int	1†	-	1	-	2
Unilock	int	1.4	Jan 11	1	-	2.8
Yale & Valor	int	3.9	Jan 19	3.45	-	8.75
Yorklyde	int	4	-	2.75	-	9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¢Third market. ǂFor 17 months.

UK COMPANY NEWS

Body Shop pleases with 31% rise to £5.3m

By Jane Fuller

THE BODY SHOP has showed *how well insulated it is against* the chill wind sweeping the retail sector. The market yesterday warmed to the 31 per cent increase in pre-tax profits for the six months to August 31, lifting the shares 24p to 238p.

The profit growth from £4.07m to £5.32m was achieved despite an interest charge of £890,000 (compared with £250,000 received) and despite spending £1.4m, twice as much as last time, on the nascent US operation. Turnover rose 50 per cent to £34.66m.

In the UK, the pace of growth was checked by the changeover to a new warehouse. Because of this, only nine more shops were opened *in the first half*. Nine more have already appeared, with 11 *to come before Christmas.*

Mr Gordon Roddick, chairman, said the company had felt slight effects of the UK consumer spending squeeze. Instead of 15 to 18 per cent organic growth, it had achieved 12 per cent. "However, that is growth that almost all other retailers would kill for."

The 32 stores opened outside the UK included the first in New Zealand, taking the overseas total to 287 and the number of countries to 35.

While Canada holds second place to the UK with 70 shops, the expansion effort is focused on the US, where there are 14 outlets so far. By the end of the next financial year, February 1991, *20 more should be operating* which Mr Roddick said *would bring break-even point.*

Although he admitted that the entry costs had been a bit higher than expected, sales had been better. The two earliest shops were showing organic growth of more than 25 per cent and the mail order business, which had yet to be advertised, was receiving 300 calls a day.

Over the past two years and up to the end of this financial year, Mr Roddick said that capital spending would total about £30m, of which £20m had been *financed* out of cash flow. Gearing had reached a peak of about 60 per cent and he expected it to fall below 50 per cent by the end of the year.

Apart from the money ploughed into overseas expansion, the company was extending its existing UK offices at Littlehampton, planning to move to new ones on the nearby warehouse site and spending more on production facilities and research and development.

Earnings per share increased to 3.3p (2.7p) and the interim dividend is 0.83p.

• COMMENT

Now that the company has changed its year end to February, the second half contains the Christmas feast and the full-year profit forecast is for about £16m. The prospective p/e is pushing 40, which may sound like a recipe for high blood pressure but it is normal for The Body Shop. Some will be scared off by the height from which it could fall. But the argument for buying the shares – if you can lay hands on them – is that this really is a fantastic growth story and there is more to come. Even looking at the downside – the debt – the company's cash flow is expected to be strong enough to wipe it out in about two years' time. Overseas organic growth is at least 25 per cent and the profits of the US operation are all to come. Another twinkle in the company's eye is Japan, where a p/e of 40 does not raise an eyebrow.

JRH lifts net asset value 8% but remains bearish on outlook

By Nikki Tait

J ROTHSCHILD Holdings, the investment company headed by Mr Jacob Rothschild which last year demerged its longer-term investments into a new investmant trust, reported a near 8 per cent increase in net asset value in the six months to end-September.

After dilution for outstanding options and allowing for dividends and distributions in respect of the new RIT Capital Partners trust, the value was 201p on September 30, compared with 186.5p at end-March. The interim dividend goes up 1p to 5p, and JRH pointed out that if this payout was added back, the total return to shareholders was 10.5 per cent.

The company's managers stressed yesterday, however, that they remained bearish about future prospects for equity markets – a warning note first sounded in the annual report last June. "Shareholders should not assume that the results produced last year or, indeed in previous years, are repeatable either in terms of profits or of total returns" they added.

Given the more difficult market conditions, JRH said it viewed the interim figures as "satisfactory". It also added that it had been pursuing a policy of reducing exposure to equity markets to lower its risks, and employed various hedging instruments. As a result, it said that the October stock market difficulties in both the US and UK had been negotiated without serious damage.

The group made a pre-tax profit of £58.5m (£43.5m) in the six month period. Net profit on dealing investments went up from £35.8m to £54.4m, while investment income chipped in £30.1m (£27.8m). Interest charges came to £25.7m (£21.3m).

Below the line, there were realised gains on the holding portfolio of £17m (£2.6m loss). Unrealised dealing gains at end-September were £51.8m against £58.6m at end-March.

The tax charge rose from £10.3m to £19.4m, or 33 per cent – more representative of future levels, said JRH. Earnings per share were 13.6p, *against 11.5p (before the reduction* in the group's capital base).

JRH has a 7.8 per cent interest in the Hoylake consortium, which earlier this year made an offer for BAT Industries. It also has a 5.5 per cent interest in Sunningdale which in turn owns 29.9 per cent of Ranks Hovis McDougall, and 12.5 per cent of Anglo, the company earmarked as the vehicle for Sir James Goldsmith's return to the UK takeover trail.

However, it pointed out that the Hoylake and Sunningdale stakes rank only 22nd and 23rd in its portfolio, and said that these had minimal impact on the first half figures.

Bond Corp pays A$0.5m damages to Aviva

By Ray Bashford

BOND Corporation, headed by Mr Alan Bond, the Australian businessman, is paying A$500,000 (£248,000) in damages following the collapse of a deal with Aviva Petroleum, the UK-based oil and gas investment company.

Under tha agraament, reached last September, the financially-troubled Bond Corporation was to sell its 67.7 per cent interest in the Harriet oil and gas field, about 10 miles off the coast of Western Australia, to Aviva for A$220m.

Bond Corporation said that it pulled out of the deal because it had received a more attractive wholly cash offer. Aviva was offering to pay A$135m cash with the remainder deferred for up to a year.

Mr Lawrence Hockey-Sweeney, Aviva chairman, said his group was in the final stages of concluding the purchase and expected to meet the November 24 deadline when it was informed by Bond Corporation last Tuesday that an alternative buyer had been found.

The interest in the field has been sold to Hadson, a oil company, which already owns a 19 per cent stake.

The chairman said that he was disappointed with the failure of the deal but that the *financing arrangements* would be kept in place in anticipation of an alternative acquisition.

The A$500,000 compensation payment was in line with the terms of the deal and would more than cover the costs incurred in putting it together.

The suspension of Aviva shares, which followed the announcement of the proposed purchase, was lifted yesterday. They closed 3¼p up at 17¼p.

Daks Simpson down £1m

DAKS SIMPSON, the tailor and clothier, saw profits fall from £6.2m to £5.3m pre-tax for the year ended July 31.

The directors said that should be viewed against the background of rising interest rates and their consequential effect on corporate overheads and consumer demand. Turnover was up to £63.48m (£59m).

They had "no real doubt" that the group would weather any recession, and said they would continue with the longer term plans. Start-up costs on major projects absorbed the whole of the 26 per cent profit increase achieved in the previous year, they pointed out.

Development of mail order was progressing steadily. The womenswear side had fared less well and its rationalisation will be completed.

Turnover expanded to £63.48m (£59m). The dividend is held at 10.95p, with a final of 7.95p, paid from reduced earnings of 51.41p (61.82p).

Alva calls for £12.7m to finance policy change

ALVA INVESTMENT Trust, control of which passed to ERI in August, plans to raise about £12.66m via a share issue to finance its declared change in investment policy.

The issue of 4.38m ordinary shares, 1.55m of which will be offered to qualifying shareholders at 300p each, is on the basis of fiva ordinary shares for every two currently held.

ERI, which owns 64.6 per cent of Alva, will not be offered shares directly. Instead the balance will be offered to shareholders and clients of ERI's joint owners, Ensign Trust and La Compagnie Financiere Edmond de Rothschild Banque.

Alva's new policy, stated at the time of the ERI acquisition, is to focus on luxury and design-related businesses in Europe.

It intends to transfer certain investments worth £2.46m to Ensign and to acquire some of the latter's investments, giving it a portfolio inclnding such names as Yves Saint Laurent, Christian Dior, and Heim Gallery (London) worth £7.7m. Investments are also being made in other luxury products such as Charbonnel et Walker and Taylor of London.

It is also proposed that Alva changes its name to Worth Investment Trust and that each 25p share be subdivided into five 5p shares. An extraordinary meeting is to be held on December 5 to seek approval for the above moves.

In the year to August 31 Alva incurred a pre-tax loss of £25,221, compared with a £33,425 profit in the previous year. The final dividend was reduced to 1.5p making a total of 2p.

The directors warned yesterday that future dividends were likely to be modest as a change towards more unlisted investments was likely to limit income.

PUBLIC WORKS LOAN BOARD RATES

Effective November 9

Years	Quota loans repaid by EIP†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid At††	Non-quota loans A* repaid at maturity§
1			13¾			14½
Over 1 up to 2	13⅜	13¼	12¼	14⅜	14¼	13
Over 2 up to 3	12⅝	12½	11¾	13⅝	13½	12½
Over 3 up to 4	12⅛	12	11½	13⅛	13	12¼
Over 4 up to 5	11⅞	11¾	11¼	12⅞	12¾	12
Over 5 up to 6	11⅝	11½	11¼	12⅛	12	11¾
Over 6 up to 7	11½	11⅜	11⅛	12	11⅞	11⅝
Over 7 up to 8	11⅜	11⅜	11	11⅞	11⅞	11½
Over 8 up to 9	11⅜	11¼	10⅞	11⅞	11¾	11⅜
Over 9 up to 10	11¼	11¼	10¾	11¾	11¾	11¼
Over 10 up to 15	11⅛	10¾	10⅜	11⅝	11¼	10⅞
Over 15 up to 25	10½	10¼	10	11	10¾	10½
Over 25	10⅛	10	10	10⅝	10½	10½

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. *†Equal instalments of principal.* †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Swiss Life

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION No. 006545 of 1989

IN THE MATTER OF SWISS LIFE (UK) PLC AND IN THE MATTER OF SWISS LIFE INSURANCE AND PENSION COMPANY AND IN THE MATTER OF THE INSURANCE COMPANIES ACT 1982

NOTICE IS HEREBY GIVEN that on 19th October 1989 a Petition was presented to Her Majesty's High Court of Justice (Chancery Division) by the above-named Swiss Life (UK) Plc for sanction under Section 49 of the above-named Act ("the Act") to a Scheme ("the Scheme") providing for the transfer to Swiss Life (UK) Plc of part of the long term business comprised in the United Kingdom branch of the above named Swiss Life Insurance and Pension Company (a mutual Insurance company incorporated in Switzerland) and for an Order making ancillary provison in connection with the said Scheme under Section 50 of the said Act.

Copies of the said Petition, the Scheme and of a Report by an Independent Actuary in pursuance of the said Section 49 may be inspected at the offices of the said Companies at 99-101 London Road, Sevenoaks, Kent, and at the offices of the solicitors for Swiss Life (UK) Plc specified below, during normal business hours, for a period of 21 days from the publication of this notice.

The Petition is directed to be heard before the Honourable Mr Justice Harman at the Royal Courts of Justice, Strand, London WC2, on Monday the 11th December 1989. Any person (including any employee of either of the said Companies) who claims that he or she would be adversely affected by the Scheme may appear at the time of hearing in person or by Counsel for that purpose.

Any person who intends so to appear, and any policyholder of either of the said Companies who dissents from the Scheme but does not intend to appear should give not less than two clear days' prior notice in writing of such intention or dissent (and of the reasons therefor) to the *solicitors named below.*

Copies of the documents specified above will be furnished by such Solicitors to any person requiring them prior to the making of an Order sanctioning the Scheme on payment of the prescribed charge therefor.

Dated 1st November 1989.

Alsop Wilkinson, 6 Dowgate Hill, London EC4R 2SS. (Ref PMR).

Solicitors for Swiss Life (UK) Plc.

UK COMPANY NEWS

Steven Butler reports on the profit downturn in the third quarter at two major oil groups

R.Dutch/Shell declines by 20%

THIRD QUARTER earnings at the Royal Dutch/Shell group fell by 20 per cent on a current cost basis to £658m. The decline was mainly accounted for by lower chemicals profits as well as losses on currency exchange.

On a historic cost basis, which takes into account inventory losses and gains, profits fell from £778m to £652m. The first three quarters as a whole saw an increase in current cost earnings from £2.4bn to £2.66bn.

Shell was able to benefit strongly from higher oil prices during the quarter. Profits from oil exploration and production rose from £185m to £244m. Crude production increased from 1.7m to 1.9m barrels a day, with higher production volumes coming from Gabon, Syria, Colombia, and Nigeria. Natural gas sales volumes fell by 9 per cent to 4.5bn cu ft a day.

Current cost earnings in refining and marketing for the quarter fell by £62m to £310m, and for the first nine months by 23 per cent to £764m. Because of the rise in crude and product prices, however, this was sharply higher on a historic cost basis, rising from £820m to £1bn.

In chemicals, earnings fell sharply on the quarter from £313m to £195m, while on a nine month basis they rose four per cent to £834m. Both margins and sales volumes fell on commodity chemicals.

Coal earnings fell from £26m to £17m, while metals earnings dropped from £34m to £26m in the quarter.

Shell said its cash flow for the first nine months at £4.3bn was little changed from the previous year. Higher net income was offset by increased working capital requirements caused by higher crude and product prices.

Capital expenditures rose from £3.1bn to £4.1bn in the first nine months of the year, including payment of £647m for a 10 per cent interest in a joint ventore with the Nigerian National Petroleum Corporation.

Cash and short term securities fell by £900m to £4.1bn, while debt eased slightly to £5.6bn. Corporate charges for the quarter included a £101m loss on currency exchanges.

Quarterly earnings per share at Shell Transport fell from 8.5p to 7.1p per share.

See Lex

Falls in all sectors leave BP lower

BRITISH Petroleum yesterday reported weak third quarter earnings, with net profits falling on a current cost basis from £402m last year to £264m this year. It left first three quarters earnings down at £1.02bn, against £1.13bn.

On an historical cost basis, which includes inventory effects, profits for the three months to the end of September fell from £318m to £211m.

Lower profits were seen in all major sectors of the company's operations during the quarter, including exploration and production, despite prices which averaged about $3 a barrel more this year than last.

Mr David Simon, managing director in charge of finance, said BP's upstream operation was hit by higher tax charges in Alaska and the UK, lower production in both areas, and sales of producing assets as part of its restructuring.

In Alaska higher taxes were imposed by local authorities following the Exxon Valdez oil spill, while in the UK Petroleum Revenue Taxes have risen on older producing fields.

Operating profits on the upstream part of the business fell from £403m to £334m. Crude oil production volume fell from 1.6m to 1.43m barrels per day during the quarter.

Current cost operating profits in the refining and marketing part of the business fell from £218m in the third quarter of last year to £154m this year. Refining margins were particularly strong both in the third quarter of last year and the second quarter of his year, but have subsequently fallen.

The weakness in worldwide chemicals prices was reflected in a drop of £13m in operating profits to £112m compared to last year. Mr Simon said that polyethylene prices had already begun to recover, following the fire at Phillips chemicals plant in Houston, and he saw signs of a serious cyclical decline in the market.

Cash flow throughout the group rose strongly with £3.13bn of funds generated in the first three quarters compared with £2.2bn last year. This has helped reduce debt, with gearing reaching 50 per cent following the buy-back of shares from the Kuwait Investment Office earlier this year, and reached 44 per cent at the end of September.

Mr Simon said that gearing was expected to be in the low forties by the end of the year, and may fall to the high thirties by mid-1990.

Earnings per share fell in the quarter from 5.2p to 4.2p, although they are up for the first three quarters from 15.5p to 23.5p. A quarterly dividend was declared at 3.65p, making 10.95p for the year to date with a share dividend alternative offered to shareholders. Last year there was a interim payment of 5p.

See Lex

P&SN restricted to £3.02m

By Raymond Snoddy

THE SOFTENING of the advertising market in the south of England combined with new investment in contract printing capacity held down Portsmouth & Sunderland Newspapers at the interim stage.

Pre-tax profits for the 26 weeks to mid-September fell 8 per cent to £3.02m from turnover £1.34m higher at £40.17m.

Despite the dip in profits P&SN yesterday said that it had made further progress during the period and "unless economic conditions deteriorate further than expected, should increase profit before tax for the full year."

The company expected to benefit, in particular, in the second half from an expansion in contract printing including the contract to print The Sunday Correspondent at Portsmouth. The expansion led to costs in the first half, including the installation of a new colour press.

On the publishing side advertising revenue for the second quarter slowed down considerably at the southern companies (Portsmouth and Croydon) after two years of growth although it was still buoyant at the northern company.

Profits for the third arm of the business – 33 convenience stores and 19 newsagents – were ahead of last year.

Mr Eric de Belaigue, publishing analyst at CIBC Securities, said yesterday that he was disappointed at the results.

He was, however, looking for £6.25m for the full year and noted that Portsmouth & Sunderland had a strong balance sheet with £6.2m in short-term cash deposits and Reuters shares valued at £3.8m.

"I would expect the company to take advantage of these difficult times [for advertising revenue] to make an acquisition," Mr Belaigue said.

Earnings per share were 15.2p (16.4p) and the interim dividend is 2.28p (1.51p).

● COMMENT

Portsmouth & Sunderland appears to be in a stronger position than the dip in profits and the uncertain outlook for advertising revenue, at least in the south, might suggest. The company is clearly benefiting from having a solid base in the north, where advertising revenue is still lively, as well as in the south. Full year earnings of £6.25m - which could be on the low side – amount to 32p per share and a p/e of 9.5. Perhaps most significant of all for the past two years the company has been trying for acquisitions but has been pipped at the post because it refused to pay what it regarded as silly prices. In the harsher economic environment for regional newspapers the combination of lower prices for regional newspaper groups and its strong balance sheet could lead, at last, to a significant acquisition.

Expanding Glamar turns in £677,000

Glamar Group, the leathergoods, accessories and hosiery distribution specialist currently being revamped by Mr Stephen Barker, former managing director of Albert Fisher, yesterday announced interim profits of £677,000 together with the acquisition of Dabar for a maximum consideration of £608,000 in cash and shares.

Dabar markets and distributes travel goods comprising handbags, sports bags and wallets. The maximum consideration will be met by £278,000 cash and the issue of 200,000 shares.

Glamar's outcome for the six months to end-September – up from £10,000 last time – came on turnover of £5.56m (£1.77m). Profit before interest receivable at £807,000 showed underlying organic growth of 34 per cent over the pro forma result for last year. Handbags and leather goods accounted for £577,000 (£478,000) and hosiery £30,000 (loss £25,000).

Mr Barker said both Triad (four months) and Symphany (two months) made significant contributions. The acquisition of L&D (after the period end) and Dabar would give increased market share and geographical coverage. He said given the gronp's position within low cost non luxury product ranges he was confident about second half prospects.

Earnings were 2.52p and the interim dividend is 0.75p on increased capital. Last year the payment was 2p and the final was omitted.

Giltrap injects £1m into Malaya Group

By Clay Harris

MR COLIN GILTRAP, the New Zealand car importer and distributor, is to become a non-executive director of Malaya Group after agreeing to inject £1.13m into the Sussex-based Porsche, Mercedes-Benz and Alfa Romeo dealer.

Mr Giltrap will end np with 20 per cent of Malaya's enlarged share capital after subscribing for shares at 47p, a premium to the company's price on the Third Market – up 4p yesterday to 45p.

He also holds 22.4 per cent of Frank G Gates, an East London and Essex Ford dealer, which he made an unsuccessful bid for early in 1987, and 8.2 per cent of the shares (but less of the voting rights) at Eastbourne-based Caffyns.

Mr Lionel Clemas, Malaya's finance director, said yesterday that the cash from Mr Giltrap would be used to rednce borrowings and fund expansion.

Racal Electronics sale aborted

By Hugo Dixon

Racal Electronics' plan to sell its instruments and automation businesses to the General Electric Company of the UK for £31m has fallen through, the company announced yesterday.

Racal said in June that it was planning to sell Racal Dana and Racal Automation, which have operations in the UK and the US, to GEC's Marconi Instruments subsidiary. It had decided to get out of the businesses because it was not a big enough supplier of test and measurement equipment on the world market.

No reason was given for the break-down of talks beyood a statemeot that the two companies had failed to agree on terms and conditions. "It's bad news for Racal in that they're £31m short and left with a business they don't really want," said Ms Judy Stewart, an electronics analyst at Kleinwort Benson Securities.

UK COMPANY NEWS

Expansion of 20% in spite of slowdown in British housebuilding and consumer markets

Yale and Valor lifted by strong US performance

By Andrew Bolger

A STRONG showing in its main US market helped Yale and Valor, the international security and home products group, increase its pre-tax profits by 20 per cent to £25.9m in the half-year to September 29. Turnover was up 21 per cent to £204m.

Mr Michael Montague, chairman, said: "This fine performance is as a result of the American economy remaining on an even keel and despite activities in Britain having slowed in line with the housebuilding and consumer markets."

Two thirds of the group's activity takes place in North America and Mr Montague said NuTone, the market leader in the US for installed electrical appliances in the home, continued to make good progress. The acquisition and rationalisation of Miami-Carey had also made the group the largest and most efficient maker of bathroom cabinets in the US.

Within the group's electrical division, water heating products had benefited from new business; Elsy and Gibbons had an exceptional six months with its modular water heating system. Gainsborough and Heatrae Sadia continued to account for 28 per cent of the total UK electrical shower market.

Breville products were doing well and maintaining high market share, but Dreamland electric blanket sales were awaiting the arrival of winter, although manufacturing had been transferred to Portugal, currently the lowest cost producing area in Europe.

In security products, Yale was enjoying good business levels in North America as a principal supplier to the construction and refurbishment industry, and it continued to dominate the market for door closers.

Mr Montague said he would review his group's £180m bid for Myson, the boiler and radiator manufacturer, in light of the findings of the Monopolies and Mergers Commission. The MMC is expected to report soon on the competition effects of Yale and Valor's offer, and on the rival £196m bid for Myson from Blue Circle.

Earnings per share increased by 12.8 per cent to 14.01p (12.42p). The interim dividend is raised by 13 per cent to 3.9p (3.45p).

● COMMENT

Yale and Valor has done well in the US at a time when the housing market has been rather sticky and is poised to do even better if forecasts of an upturn in new-home starts are fulfilled. The US bias has certainly sheltered it from the UK property freeze, and dollar earnings will be boosted by any long-term devaluation of the pound. Forecast full-year profits of £60m and earnings of 32p put it on an undemanding multiple of 8.5 on yesterday's closing price of 275p, up 2p. The price has been depressed by the possibility that Yale will be allowed to acquire Myson, which would involve it issuing paper for which the City showed little enthusiasm when the bid was launched in July. Mr Montague's careful phrasing suggests that Yale will be taking a long, hard look at reviving its Myson bid, even if the MMC gives it a clear run. Minus the Myson overhang, the shares look undervalued on fundamentals.

WCRS seeks £72m to finance French buy

By Alice Rawsthorn

THE WCRS Group plans to raise £72m through a convertible preference share issue to finance its acquisition of Carat, the French media buying group.

In October, WCRS, which has owned half of Carat since last year, announced plans to take full control of the business for £202m. At the same time it reached agreement to sell control of its original advertising interests to Eurocom, the French marketing group, for up to £47.5m.

The proceeds of the preference issue will be used to make the first payment for Carat and to satisfy expenses incurred in the deal. WCRS will pay for the rest of Carat in four annual payments of £12.5m in cash and shares.

WCRS is issuing 72m 9.75 per cent guaranteed convertible preference shares 2004 at £1 each, through WCRS Finance NV, its Netherlands Antilles-based subsidiary. The issue has been underwritten by Salomon Brothers International.

The issue is conditional upon shareholder approval. If the Carat deal does not go ahead, the issue will continue and the proceeds will be used to reduce the group's indebtedness.

When the first payment for Carat is made – and WCRS receives the proceeds of the sale to Eurocom – the group's long term debt will be reduced from £70m to £40m. Given that media buying is a business with strong cashflow, Mr Peter Scott, chairman, said WCRS would have the financial flexibility to expand its media buying network.

WCRS will spend the next year completing the formation of a media buying operation in conjunction with Eurocom. The network will be constructed on a country-by-country basis and should be completed by the end of 1990.

All-round growth buoys Staveley

By Clan Pearson

PRE-TAX PROFITS of Staveley Industries, the measurement, mechanical and electrical services and manufacturing group, expanded by nearly 14 per cent from £8.1m to £9.2m in the half-year to end-September.

Mr Brian Kent, chairman, said it has been a "pleasing first half, with all divisions of the group improving." He was optimistic about the second six months although "naturally we are a bit anxious about the economic climate in the UK and US."

Minerals, the British Salt division, had a good six months. Increasing volumes were largely the result of improved exports to Nigeria. In the UK, prices were increased by 7 per cent at the start of the year.

Within the measurement division, WeighTronix was adversely affected by a let-up of orders from US farmers in May, in anticipation of a drought which did not materialise. However, the division as a whole improved its performance.

Quality Assurance activities started well with a particularly good performance from Conam Inspection, the non-destructive testing operation which formed part of Sealcast, Staveley's US acquisition last year. Staveley has recently withdrawn from nuclear services with the sale of a Conam facility in California, for an undisclosed amount.

Mechanical and electrical services sustained project start delays, which were not expected to affect the year as a whole.

Turnover improved 9 per cent to £127.9m (£117.5m). Net interest charges were higher at £1.5m (£1.1m). After a tax rate two percentage points lower at 26 per cent, earnings per share advanced to 7.9p (6.7p). The interim dividend is lifted to 2.1p (1.9p).

Mr Christopher Burns resigned last month after barely more than a year in the post of group managing director, to which he was recruited from Lucas Aerospace (UK) with a view to leaving Mr Kent more time to look for acquisitions.

Mr Kent yesterday said Mr Burns' departure was "entirely amicable". I would not affect the running of the company since there were three executive directors on the board.

● COMMENT

Mr Kent is very keen to take Staveley further into weighing and non-destructive testing, especially in Europe, but as the planned acquisitional moves have not yet materialised there are a few question marks hanging over the longer-term shape of the group. Apart from that, much of Staveley looks extremely safe and solid at the moment: after all, people are not going to stop salting roads in an economic downturn, nor would such a situation reverse the increasing emphasis being placed on testing aircraft for safety. The main near-term uncertainty, apart from the British winter, is the degree of turnround Weigh-Tronix can achieve in the second half. Pre-tax profits should reach around £24.5m, putting the shares on a prospective p/e of below 9. That is certainly not demanding.

Gleeson rises 16% to £11.6m

MJ Gleeson Group, the construction and property investment company, reported taxable profits of £11.63m for the 12 months to June 30.

The outcome – up 16 per cent on the previous year's result of £10.03m – was achieved on turnover ahead 24 per cent to £134.49m (£108.9m).

The group did not break down the profits figure by division but said that the contracting operations made a higher contribution, while the residential estates division performed well in a weaker market.

Gleeson said house sales were being maintained at an "acceptable" level in difficult market conditions. The order book was "excellent," and higher levels of output were expected in the current year.

The group also expected to benefit from any upturn in infrastructure spending.

Earnings per 10p share expanded to 74.69p (70.6p) and the proposed final dividend is raised 15 per cent to 6.9p making 9.36p (8.14p) for the year.

An extraordinary credit of £229,000 related to the net surplus on a property sale.

About one third of Gleeson's property portfolio was revalued at its year-end and the surplus of £2.15m credited to revaluation reserves.

Cabra shows decline to £4.43m

Cabra Estates, which changed its name from Conrad Holdings following the acquisition of Marler Estates, reported interim profits 20 per cent lower at £4.43m, against £5.55m.

The main cause was a halving in the proceeds from property sales.

Turnover for the first half of 1989 fell to £16.03m (£25.21m), made up of property sales £10.34m (£20.3m), rents £1.35m (£913,000) and other activities £4.28m (£4.07m). Earnings per share were 3.9p (5.55p) and the interim dividend is raised to 1.25p (1p).

The group is changing its year end to March 31 and the present period will be 15 months with a second interim report after 12 months.

Haden acquires Mills Marketing in £10m deal

HADEN MacLellan Holdings, the diversified industrial group, has agreed to acquire the ordinary and preference share capitals of Mills Marketing Holdings for a maximum £10.55m.

Mills is a distributor of computer numerically controlled machine tools, principally precision lathes, machining centres and grinding machines for production engineering.

The initial consideration for Mills, which was the subject of a management buy-out in June 1987, backed by Rutland Ventures, CIN Venture Managers and 3i, is £4.15m.

The management of Mills will receive £2.65m, of which £700,000 will be satisfied by the issue of loan notes. The balance is expected to be satisfied by the issue of new Haden ordinary shares. The vending institutions will receive £1.5m, of which £500,000 is expected to be in cash with the balance in shares.

The vending institutions will also receive, before May 31 1990, a deferred payment equal to £4.28m less the then value of the initial consideration shares allotted to them, together with accrued interest.

Finally, deferred payments of up to around £3.1m will be payable to the management shareholders in two instalments following finalisation of the 1990 and 1991 accounts if Mills achieves agreed profit before tax targets.

FT LAW REPORTS

Lorries misuse right of way

JALNARNE LTD AND ANOTHER v RIDEWOOD
Chancery Division: Judge Hywel Moseley QC, sitting as a deputy High Court judge: October 26 1989

VISITORS TO a trading estate may use a right of way over an access road granted to the owners of industrial premises, as long as they conform with the terms of the easement; but if the visitors trespass on the access road by parking or causing an obstruction contrary to those terms, the court may restrain owners from allowing entry. And an owner will be liable for his own actions as joint tortfeasor if he was in a position to control his visitor, was present when the trespass occurred, and permitted its commission.

Judge Hywel Moseley QC, sitting as a deputy High Court judge, so held when granting injunctions against Freezereez Ltd, Lowers Garage Ltd and Mr Lanario, and awarding damages against Freezereez, on a counterclaim by Mr and Mrs Ridewood, defendants to an action by Jalnarne Ltd and Lowers Garage. Their counterclaim against Jalnarne was dismissed.

HIS LORDSHIP said that prior to January 1981 Mr and Mrs Ridewood owned a former railway yard on which stood a large disused shed.

In 1979 and 1980 planning permissions were granted for change of use of the shed to light industrial use, and for construction of a new building, also for light industrial use.

Mr and Mrs Ridewood intended selling the shed and part of the land with planning consent, and building trading premises for themselves on the rest of the site.

On their retained land, between their new building and the shed, they intended constructing an access road with right of way, serving the whole of the estate.

In 1981 the shed and part of the land were purchased by Jalnarne, a property developer. By the conveyance Mr and Mrs Ridewood convenanted to construct the access road on their retained part of the land, and granted Jalnarne a right of way over it.

After the conveyance Mr and Mrs Ridewood built a compound cutting off part of the access road. Jalnarne and one of its successors in title, Lowers Garage, applied for an injunction restraining them from maintaining the compound.

The compound interfered with the right of way. It was a nuisance and breach of a covenant by Mr and Mrs Ridewood not to obstruct the road. The injunction was granted.

Mr and Mrs Ridewood counterclaimed against Jalnarne and its successors in title, Freezereez, Lowers Garage and Mr Lanario.

Part of the railway shed had been leased to Freezereez, traders in frozen food whose suppliers came in articulated lorries. Part of the remaining land had been sold to Lowers Garage, motor car dealers, whose suppliers came in large transporters. Another part of the shed had been leased to Mr and Mrs Lanario for a snooker club and bar. The other premises on the trading estate were still owned by Mr and Mrs Ridewood, motor cycle dealers, whose suppliers came in articulated vehicles.

They came by licence, express or implied, of the respective proprietors. Visitors tended to park on the access road and disrupt traffic. Tempers became frayed.

Under the conveyance Jalnarne was granted a right of way over the access road "at all times and for all purposes with or without vehicles."

That easement must be construed in the light of a covenant by Jalnarne not to obstruct the roadway or to park any vehicle on it. It was therefore an easement to pass and repass, but not to park or obstruct.

The easement as granted passed under section 62(1) of the Law of Property Act 1925 to Jalnarne's successors in title. Any visitor who passed over the access road trespassed unless his passage was pursuant to the easement.

There was evidence that articulated lorries visiting Freezereez and Lowers Garage parked on the access road. Mr Auld for Mr and Mrs Ridewood argued first, that the physical characteristics of the access road when the easement was granted limited the nature of traffic which could reasonably be brought on to it.

The evidence did not support that argument. The grant of the right of way was in the widest possible terms.

Mr Auld contended that the nature of the planning consent for light industrial use cut down the ambit of the grant.

That was not arguable. Planning consent for light industrial use made the bringing of articulated lorries onto the access road very likely. Even if a restriction were implicit, planning consent was not capable of cutting down the ambit of a grant (see *Robinson v Bailey [1948] 2 All ER 791,794*).

Mr Auld's second and alternative argument was that the grant was for the benefit of premises which did not, at the time of the grant, require the attendance of large articulated lorries. He said there had been a subsequent radical change in use and the easement did not extend to articulated vehicles.

That argument could not succeed either. The law was well-settled. Once it was established (as the court had found) that the grant was unrestricted, it could no longer be successfully argued that change of use of the dominant tenement debarred its owner from enjoying the easement (see *Gale on Easements* p. 298).

He relied on *Milner's case [1907] 1 CH 208,229*, where there was excessive use of a right of way into a railway station. An injunction was granted to the owner of the servient tenement to restrain the railway company "from licensing or inviting" passengers "to pass . . . along the passage."

That case was correctly decided, but it was not authority for the proposition that the owner of a dominant tenement was liable for his visitors' trespasses.

There was no authority for the proposition. It was contrary to principle.

That did not mean however, that Mr and Mrs Ridewood had no remedy. Mr Auld had another proposition which was correct, and was the basis for the order in *Milner*.

It turned on the principle that in the absence of contrary intention, a right of way was presumed to secure for the dominant owner all that was necessary for reasonable enjoyment of his tenement, including the right to licence visitors to enjoy the easement.

Milner indicated that a licence could be taken away from the licensee, and that when there were grounds for doing so, the court could order the owner of the dominant tenement to withhold his licence.

That had nothing to do with vicarious liability for the licensee's actions.

The order was made in *Milner* because licensees using the way were acting outside the scope of the easement and would be trespassing. The owner of the dominant tenement was restrained from granting licences permitting such trespass to continue.

That principle was applicable in the present case.

Owners of dominant tenements could control visitors by withholding licences unless and until they behaved in accordance with the terms of the easement. Such control could be exercised, for example, by employing parking wardens, or stopping visitors at the gate until there were sufficient parking places.

Milner type injunctions were made against Freezereez, Lowers Garage and Mr Lanario, restraining them from licensing or inviting persons to pass along the roadway without ensuring they did not park on it or obstruct it. How they ensured that was a matter for them.

Mr Auld's remaining proposition was that owners of dominant tenements were liable for their own actions in being present at and in assisting visitors in committing trespass.

There were principles dating back to *Coke (Co Litt 57b)* to the effect that persons who authorised, assisted, procured or encouraged the commission of a tort, might in certain circumstances be joint tortfeasors, liable in damages.

Brooke v Bool [1928] 2 KB 578,584 applied that principle. The elements of presence when the tort was committed, ability to control the tortfeasor by terminating the licence, and permission for the commission of the tort, resulted in liability for the consequences.

All those elements were proved against Freezereez. Mr and Mrs Ridewood were granted damages gainst Freezereez and an injunction restraining it from committing further acts of trespass.

For Jalnarne and Lowers Garage: Leslie Blohm (Harris & Harris, Wells)
For Freezereez and Mr Lanario: John Blackmore (Austin & Bath, Glastonbury)
For Mr and Mrs Ridewood: Charles Auld (Dodson Harding, Street)

Rachel Davies
Barrister

COMMODITIES AND AGRICULTURE

Policy changes 'likely to undermine forestry plans'

By Bridget Bloom, Agriculture Correspondent

CHANGES TO the British Government's foreotry policy have resulted in a marked loss of confidence among private investors and seem likely seriously to undermine planting targets in the future, the Forestry Industry Committee of Great Britain believes.

In a report* being presented to the UK Government and EC officials this week, the committee, which represents forest owners and processors, calls for a review of policy. In particular, it seeks both higher and more broadly based grants for tree planting.

The report comes nearly two years after the Government changed the financial regulations applying to forestry by abolishing controversial tax incentives which had favoured the planting of conifers on marginal land. It put in their place higher grants for both conifer and broadleaved tree planting, at the same time effectively taking forestry out of the tax system altogether.

While Forestry Commission officials have argued that the Government'e target of planting 33,000 hectares a year would only he temporarily affected hy these changes, the FICGB notes that only some 13,500 ha had been allocated for planting by the private sector in the first full year of the new scheme.

The committee acknowledges that a temporary loss of confidence may be inevitable following tha changes, but believes that, without further actioo hy Government, confidence could take as long to revive as it did in 1974 when following a "less radical fiscal change it took 11 years for plantings fully to recover."

The report says that given "the massive new investment in the procesoing sector" amounting to just under £1hn, "any repeat of this could be disastrous for investment and expansion."

Among the commlttee'e recommendations is the suggeotion that planting grants should be increased by £400 per hectare for better arable land: this would hring total grants for conifers on ouch land to £1,015 a hectare and for broadleaved trees to £1,375 per ha. It also wants grants for the maintenance of planted forests.

Improvements sbould also be made to the Forestry Commission's process of approving grant applications as well as to make sure that an applicant need not regard the obligatory consultation process with local and other opinion as "a costly lottery in which his grant is whittled away."

One recommendation which is put forward with the intention of "enhancing the image of forestry in the public mind" (which the report describes as "a very important factor") would extend existing grants to both planted and unplanted land. This would make possible good landscaping and design of forests, the FICGB says.

*Options for British Forestry. FICGB. Agriculture House Knightsbridge, London SW1 Tel 01-235-2925.

Norway fears US whaling sanctions

By Karen Fossli in Oslo

MRS KACI Knllman Five, Norwey's new Conservative Trade Minister, sought yesterday in Washington to defend Norway's whale research programme in an effort to sway US lntentions away from implementing trade sanctions.

Trade relations between the two countries have grown frostier since the 1988 Omnibus Trade Bill and this week's meetings between Mrs Five and Mr Robert Mosbaker, her US counterpart, and other US Administration officials will focus on a wide range of trade lsaues from air transport access to Norway's whaling programme.

Norway'e whala research programme, implemented this year, is meant to compile data and establisb guidelines for the rational conservation of minke whales in the Northeast Atlantic.

The International Whaling Commlsaion, however, believes that all types of whaling should be banned, claiming that whales in general are an endangered species.

The Norwegians do not believe that there is enough scientific data to support this claim.

Pressure has been hrought to bear by the US Congress on the Administration to implement trade sanctions against Norway for continuing its whale research programme. A US law allowe sanctiono against countries which violate the IWC recommendation to ban whaling.

Norway fears that a ban on US imports of its fish is at stake.

In 1988 the US imported about NKr1.1bn (£100m) worth of Norwegian fish and fisb products and for the first half of 1989 tbe figure was NKr506m.

Farmed salmon offers the greatest growth potential for Norwegian fish sales in the US market and any han on imports would be a serious blow to this industry.

In 1988 Norway caught 29 minkes (small members of the whale family) for research by the Institute of Marine Research. For this year it is considering lowering the catch to five from an originally designated 17.

The whales' meat is sold locally for human consumption and the income halps finance the programme.

Norway maintains that it is important to continne its research programme until the end of 1992 to obtain reliable information which is fundamental to future conservation and management of Northeast Atlantic atock of minke whales.

Quebec asbestos comes under fire

David Owen on a US ban that some see as the industry's death knell

IN THE maple-strewn pastureland of southern Quebec, where the cattle are plump and the villages are named after obscure saints, lies Thetford-Mines – capital of Canada's asbestos-mining region.

Thetford – pronounced "Tetford" – is a town of strip mills and glowering lead-grey slag heaps. It is predominantly French-speaking. Circumvavigating the colossal open-pit of the 180,000 tonnes-par-year Black-Lake operation, it looks like rain.

But tbe weather is the least of the problems currently confronting lndustry executives like Mr Thomas Coleman, the Black-Lake mine's operations manager. They are mnch more concerned about other metaphorical clouds hanging over the industry.

In a nutshell, the US Environmental Protection Agency recently decided to ban tha import and most remaining uses of asbestos in the US by 1996. The ruling was prompted by increased awareness of the health-hazards associated with the strong, naturally-occurring fihre. Asbestosis and lung-cancer are among the ailments with which the inhalation of asbestos fibres has been linked.

Since Canada, the world's second largest producer, supplies as much as 94 per cent of US asbestos needs, communities like Thetford will be where the effects of the ban are most keenly felt.

Coming at the and of a decade when asbestos use has fallen sharply for the same health-related reasons, the ban has been interpreted by some as the industry's death-knell. Within weeks, 300 workers at one Quabec mine lost their jobs. The layoffs were said, however, to be unrelated to the ruling.

Goaded by this spectre of extinction, Canada's asbestos industry is now mobilising to fight for its life. Backed by the Federal Government and US asbestos producers, the Canadians are attempting to overturn the ban in court.

The gist of their argument is that the ruling was motivated hy politics and not pnblic safety: US-based manufacturers of asbestos-snbstitutes, they say, have brought to bear an effective lobby to help engineer the ban.

They point to a welter of scientific opinion to support their contention that present day asbestos products, snch as cement and brake-linings, are acceptably safe. The EPA ruling is "rash, arbitrary and irresponsible," declared Mr Marcel Massa, former Minister of Energy, Mines and Resources, recently. "It is based on no solid scientific grounds."

In fact, as Canadian officials privately admit, the industry'a main concern regarding the ruling is that it might be adopted by other countries if it were allowed to stand unchallenged.

The US market has declined significantly in relative importance in recent years, due in part to a successful (if controversial) Canadian export drive into hitherto little exploited areas.

In 1978, fully 39 per cent of Canadian exports totalling 1.4m tonnes were shipped to the US. By 1988, this proportion had plummeted to 12 per cent of a mnch-diminished export tally of 685,000 tonnes.

Leading Producers in 1988 ('000 tonnes)	
Soviet Union	2,580
Canada	705
Brazil	230
Zimbabwe	191
China	157
South Africa	146
Italy	100
Greece	72
India	28.5
US	18

Japan alone is now a bigger customer than the US. Other leading importers are to be found in south-east Asia, western Europe and Latin America.

This drive has helped to lift both prices and output after a decade of unremitting decline. According to Mr Coleman, rates paid for the 90 or more standard grades of fibre produced at Black-Lake now range from US$160 to $1,400 a tonne. Canadian production edged up to 705,000 tonnes – compared with 2.56m in the Soviet Union and 230,000 in Brazil – in 1988.

The Black-Lake operation is managed by LAB Chrysotile, a limited partnership formed in 1986 and comprising both private and public-sector interests. Constituent companies are Asbestos Corporation, Lac d'Amianthe du Quebec and the provincial government-owned Bell Asbestos Mines.

The open-pit is a daunting 300 metres deep, with the bottom 10 metres below sea-level. Having operated for 30 years, known reserves remain sufficient for at least another 25. As the name suggests, the mine was once the site of a lake.

Massive trucks haul 18,000 tonnes of ore per day towards tha treatment facilitiea. Approximately two tonnes of waste-rock are produced per tonne of ore. According to Mr Coleman, the average ore-grade is about 3.5 per cent chrysotile, the most commonly-mined form of asbestos.

The separation process is entirely and ear-splittingly mechanical, accomplished by banks of crushers and suction machines. It is a far cry from the days when the fibres were hewn out manually with six-pound cobbing hammers. A complex air-filtration system ensures that dust levels in the mill – at 10 micrograms per cubic metre – are also far below those prevalent when the cobbers held sway.

A hint of the labour militancy from that era, when a pivotal four-and-a-half month strike in 1949 provoked bitter clashes, does appear to persist, however. "On veut les samedis off" (Franglais for "Wa want Saturdays off"), reads graffiti daubed in one of the works elevators.

Canadian farm reforms urged

By David Owen in Toronto

CANADIAN FARMERS must become more flexible to market requirements and less dependent on suboidieo, according to a Green Paper released this week by the Federal Department of Agriculture.

In particular, the paper calls for greater market sensitivity from the supply-managed marketing boards which set prices for milk, eggs and poultry in Canada, less reliance on ad hoc programmes and a review of subsidies covering grain transportation.

"We must have. . . predictable economic support for our farmers, which allows them to make decisions based on the market, rather than on government incentive," it argues.

The paper is expected to be a prelude to fairly extensive agricultural policy reform by the Conservative Mulroney Government, which is under severe pressure to reduce its C$30bn (£16m) annual hudget deficit.

Federal spending on agriculture has nearly doubled between 1985-86 and 1987-88 to C$5.1 bn, according to the Organisation for Economic Co-operation and Development. However, political commentators warn that the Government must continue to treat farmers with kid gloves due to their clout at the ballot-box.

Arab aluminium output forecast

By Kenneth Gooding, Mining Correspondent

PRIMARY ALUMINIUM production capacity in the Arab world is likely to jump from the current level of 515,000 tonnes a year to about 1.335m tonnes by 1994, according to Billiton-Enthoven Metals, the London metals trading arm of the Royal Dutch/Shell group.

Not only will this increase have aprofound impact on the aluminium market, because a substantial proportion of the production will be exported, but it is also likely to lead to the development of indigenous raw materials, says Billiton-Enthoven in its latest metals markets report.

"The existence of substantial bauxite reserves (the raw material for aluminium) in Saudi Arabia and the availability of caustic soda makes the establishment of an alumina (aluminium oxide) refinery an attractive proposition," points out Mr Angus MacMillan, Billiton-Enthoven's research manager.

"Also the building of a petroleum coke plant (by volume the second most important raw material consumed in the smelting process) would make sense – given the availability of petroleum and the energy needed to process it."

Mr MacMillan points out that the ALBA aluminium smelter in Bahrain is currently having its capacity raised to 225,000 tonnes a year and a new $1.3bn expansion plan will add a further 230,000 tonnes by the end of 1992, making the smelter the largest in the non-communist world.

On a more modest scale, Dubai Aluminium (Dubal) is to lift its output from 160,000 tonnes at the end of last year to 235,000 tonnes by 1992. The Egyptian smelter at Nag Hammadi is forecast to maintain annual capacity at 180,000 tonnes.

Mr MacMillan suggests, however, that rumoured projects for smelter developments in Umm-al-Quwain and Iraq are unlikely to see the light of day.

"Nevertheless," he says, "the balance of opinion seems to be that both Saudi Arabia and Qatar will have at least one smelter apiece operational by 1992."

Qatar already has decided to proceed with a 240,000 tonnes-a-year smelter and "it is understood that the Saudi Arabian Government is likely to give the go-ahead for a 220,000 tonnes a year smelter at Yanbu on the Red Sea," Mr MacMillan says.

Sugar consumption 'constrained'

By David Blackwell

LOWER WORLD stocks of augar are constraining consumption, according to Czarnikow, the London trader. In its latest Sugar Review, it has cut the forecast for consumption in 1990 from 110.3m tonnes in August to 109.5m tonnes.

It has also reduced its forecast for world sugar output in 1989-90 hy 600,000 tonnes from its first estimate in August to 106.4m tonnes.

Estimated production in the Soviet Union is cut to 9.25m tonnes (down 250,000 tonnes) "as it now seems that the promise held out by the good condition of the beet in the ground may once again be dissipated by poor organisation once the harvest is under way." A further adjustment to the final figure may be needed, says the review.

In Brazil, the shortfall in domestic supplies, particularly for distillation into fuel alcohol, is becoming acute and is "likely to reach a crisis during the early months of next year."

Chinese offtake is thought to have been checked by the Government, once again taking control of trading. "However, in the past few weeks there has been a renewal of statements and articles from China referring to the long term nature of her import requirements and the need to plan for meeting such deficits."

Brazilian export scheme approved

By John Barham in Sao Paulo

PRESIDENT JOSE Sarney approved on Wednesday a complex reorganisation of Brazil's sugar exports to meet its commitments to five commodity trading companies.

The market had feared that Brazil would fail to honour export contracts this year covering close to 500,000 tonnes of sugar. Brazil will now begin shipping 317,000 tonnes of white sugar, instead of 315,000 tonnes of demerara sugar and 177,000 tonnes of whites as set out in the original contracts.

The complicated juggling act then requires Brazil to cede to the traders its 98,500 tonne quota for shipments to the US, which pays above world prices, in exchange for a premium of about $60 per tonne of white sugar.

Mr Christopher Rohl, Rio de Janeiro representative of Sucres et Denrees, the French commodity trader, said shipments will begin immediately and must be complete by the end of the year.

This is the last year in which the government's Sugar and Alcohol Institute (IAA) will act as sole agent for Brazil's sugar exports. In future, individual exporters will deal directly with traders. On Wednesday, a government committee called for the IAA's immediate closure. The committee recommended that the Institute, which has a reputation for incompetence and corruption, be replaced by a new body.

California solar power deal worth $600m

SAN DIEGO Gas and Electric has signed a 30-year, nearly $600m contract with privately-owned Luz International to buy electricity from a Luz Solar Power Plant, reports Reuter.

The agreement calls for San Diego Gas to buy up to 80 megawatts of power, enough to serve 80,000 customers, beginning in 1994 from a Luz plant to be built in California's Mojave desert. Construction of the solar plant will begin in 1992 and is expected to be completed by late 1993, the company said.

The plant will be a "solar thermal" facility. Such plants generate power by using parabolic mirrors to focus the sun's heat on a steel tube containing a liquid. The liquid, heated to 735 deg F, helps to produce steam to turn turbines that generate electricity. The process is less expensive than photovoltaic technology which turns sunlight directly into electricity, San Diego Gas said.

The company will buy the power at rates adjusted to reflect the costs of alternative fuels.

WORLD COMMODITIES PRICES

LONDON MARKETS

GOLD prices eased after being fixed in the morning at $387.40 an ounce, a fresh seven-month high. It traded as high as $388.25/$388.75 but was unable to breach the $390/$391 resistance level. Profit-taking and a recovery in the dollar emerged in the afternoon. Dealers now think prices will have to consolidate before attempting higher levels. Aluminium prices continued this week's slow advance on the LME. Traders said the market was underpinned by speculation that there could be a sizeable drop in IPAI non-Communist world producer stocks for September, due to be released today. In contrast lead prices fell again on talk of a slowing in US demand. This prompted fears that lead, possibly from Mexico, originally intended for shipment to the US could be diverted to help relieve current tightness in Europe and the Far East.

SPOT MARKETS

[illegible]

COCOA – London FOX (£/tonne)

[illegible]

COFFEE – London FOX (£/tonne)

[illegible]

SUGAR – London FOX ($ per tonne)

[illegible]

CRUDE OIL – IPE ($/barrel)

[illegible]

GAS OIL – IPE ($/tonne)

[illegible]

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

[illegible]

POTATOES – BFE (£/tonne)

[illegible]

SOYABEAN MEAL – BFE (£/tonne)

[illegible]

FREIGHT FUTURES – BFE ($10/index point)

[illegible]

GRAINS – BFE (£/tonne)

[illegible]

PIGS – BFE (Cash Settlement) p/kg

[illegible]

FRUIT AND VEGETABLES

[illegible]

LONDON BULLION MARKET

[illegible]

TRADED OPTIONS

[illegible]

US MARKETS

IN THE METALS, platinum rose sharply as the days most active market, reports Drexel Burnham Lambert. Strong technical buying lifted the January contract as high as $511.80. Spillover buying helped silver futures gain as well. Gold featured two-sided activity despite the lower than expected increase in producer prices. Copper closed higher as the declining stocks continue to provide support. In the softs, sugar remained strong closing above 15 cents. Cocoa trading was choppy before finishing near unchanged. Coffee was featureless. The grains were quiet ahead of the crop report. Late commercial buying lifted the soy complex slightly. Corn and wheat were dull. The livestocks featured lower belly prices due to scattered profit taking. Live hogs and cattle remained mixed. The energy complex was uneventful as local traders made up most of the volume.

New York

[illegible]

Chicago

[illegible]

INDICES

[illegible]

LONDON STOCK EXCHANGE

Equities lower after exciting session

A session of some tension and excitement in London's equity market closed with share prices marginally lower on balance. Included in the day's menu was the re-emergence of the Blue Arrow affair, a move by two of the UK's big four clearing banks to increase provisions against third world debt, third-quarter results from the "big two" oil majors and better than expected figures from the retailing group, Storehouse.

A somewhat hopeful sign for the market came with the level of shares traded in London yesterday. By 5pm turnover had reached 438.5m, compared with Wednesday's 427.7m and Tuesday's 417.9m and represented a continuation of the gradual improvement seen throughout the week.

Account Dealing Dates			
First Dealings:	Oct 30	Nov 13	Nov 27
Option Declarations:	Nov 9	Nov 23	Dec 7
Last Dealings:	Nov 10	Nov 24	Dec 8
Account Day:	Nov 20	Dec 4	Dec 18

*New time dealings may take place from 9.00 am two business days earlier.

The day began with share prices marked higher in response to the prime rate cuts by two of the smaller US banks and edging forward in thin trading. Sterling was performing reasonably well and short term UK interest rates showing further signs of easing. But the picture changed dramatically with news that the Serious Fraud Squad had made a number of arrests in connection with the Blue Arrow affair, sending a tremor of uncertainty through the market. Around the same time, Lloyds dropped a surprise when revealing that it was making another massive provision against third world debt.

Opening some two points higher at 9am, the FT-SE 100-share index then dipped back below the 2,200 level to show a fall of 10.5 within the first hour of trading. The market was upset by talk of a sizeable sell programme and initial disappointment with figures from Shell, but it began to claw its way back into positive territory.

A good rally then set in, causing the FT-SE to pick up to show a near-10 point rise in the early afternoon before this, too, was eaten into when Wall Street opened marginally lower. By the close, the index had retreated to 2,201.7, a net fall of 2.1 on the day.

Lloyds Bank's debt provision of £1.2bn, taking its cover up to 70 per cent but without resorting to a rights issue, was interpreted by the market as bullish for its shares; "the third world debt problem for Lloyds is now largely taken care of," was the view of one specialist. Accompanying the provisions news was an assurance from Sir Jeremy Morse, the bank's chairman, that dividend and investment policy would not be affected and that it planned a 16 per cent increase in the final dividend along with a two-for-one scrip issue.

NatWest moved quickly to follow Lloyds by increasing its provision against third world debt by £575m to around 72 per cent in mid-afternoon. Bank shares were still moving ahead, although Standard Chartered were hit by worries of another rights issue.

Lloyds rise on provisions

Lloyds and Barclays were marked up sharply after the former added £1.2bn to its third word debt provisions. Both banks are seen as being able to cope with the new level of provisioning, of around 70 per cent of total exposure, and the announcement removed a heavy burden of uncertainty from the shares. Lloyds climbed 31 to 413p, helped by a proposed two-for-one scrip issue, while Barclays closed 25 better at 497p.

Mr Chris Wheeler, analyst at Shearson Lehman, said that the debt problems were behind the banks for the first time, and that they could now be valued like any other industrial stock. "On a historical basis they have been poor performers since 1983 and they can now catch up." However, Mr Peter Toeman at UBS Phillips & Drew, said that the rises were "an anomaly." He said that such provisions were "entirely political" and that the market had not understood what had happened.

Other leading banks performed less well. Mr Wheeler said that to get to the same level of provisioning, Barclays would have to add another £730m to its figure, Midland £940m, and Standard Chartered £410m. The last two have relatively weak balance sheets and there was some talk in the market that Standard might even have to repeat the rights issue exercise of 1988. Midland closed only 2 better at 234p, while Standard fell 13 to 490p.

NatWest said it had added £575m to its provisions but was held to a rise of 12 to 324p on concern about possible spillovers from the Blue Arrow affair.

Oil figures surprise

Third quarter results from oil majors BP and Shell caused some raised eyebrows and wilting share prices when first released, especially in the case of Shell. But a closer scrutiny of both figures led to rallies in both BP and Shell shares and to some sighs of relief around the trading desks.

Shell were first off the mark, announcing third-quarter results particularly affected by currency losses, while BP's results were said to have include a one-off tax benefit of £43m. Shell ran back to 412p immediately following the figures but later picked np to close a net 4½ off at 418p on 6m, while BP, sold down to 294p at one point, rallied to end the session 3½ easier at 297p on 4.9m.

Mr Paul Spedding at Kleinwort Benson described the results as "disappointing, Shell definitely so," and downgraded his full-year forecast for Shell by £100m to £3.77bn, while saying the shares remained a buy. Mr Jeremy Hudson at Shearson Lehman is trimming his Shell forecast to £3.8bn and BP to £1.55bn but says Shell is fundamentally better placed. At Smith New Court, Mr Nick Clayton said: "On fundamentals there is little scope for significant further outperformance, but the defensive merits of both should underpin their ratings against a weak equity market."

STC down again

STC continued to be hurt by a Salomon Brothers report earlier in the week that forecast lower profits this year and next.

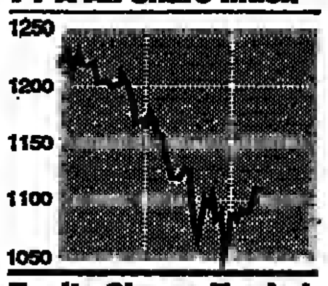
Salomon blamed slower UK economic growth and expected the rate of growth of British Telecom's demand for telecommunications equipment to ease. This year, profits are forecast at £250m, against £260m previously. Next year £250m is expected, compared with £270m.

But Salomon Brothers analyst, Mr Peter Knox, said STC's share price may have fallen too far. He noted the "encouraging news" that the West German Bundespost had joined the Unitel consortium, of which STC is a member, that is hoping to gain the licence to develop a UK personal communications network.

Mr Miles Saltiel, of Hoare Govett, said the inclusion of the Bundespost increased the chances of Unitel securing the licence for PCN. He said the UK Government was keen to have British standards prevail in Europe and the introduction of the Bundespost, Europe's largest telephone network operator, into the consortium made that more likely. STC closed 10 down at 256p.

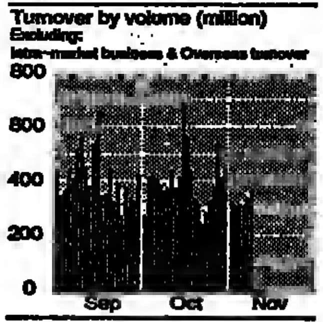
Scottish & Newcastle had a firm day on speculation, later denied, that there had been a seminar on the company at Kleinwort Benson. Some suggested this was a misbearing of a true story that analysts were visiting the company's Center Parcs operation next Thursday.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: Intra-market business & Overseas turnover



Interest was also stimulated by the agreed bid for Rothmans because of the sharp increase in the cash resources of Philip Morris, which is selling its Rothmans stake, and a rights issue in Japan by Kirin, the brewer. Both were named as possible buyers of Elders' 23.6 per cent stake in Scottish, and seasoned market watchers preferred Kirin which has signalled its intention to expand into Europe. The rights issue would not be enough to bid for the company, but is likely to be adequate to buy the Elders' stake. Scottish peaked at 362p but ended only 4 higher on the day at 357p.

Both Body Shop and Storehouse surprised some in the City by the strength of their interim figures. The former, as usual a thin market, jumped 24 to 438p but the latter slipped back from its 113p peak as dealers and analysts pointed out that if property gains and financial services losses were taken into account the actual figure was a loss. The shares closed 5 better at 112p.

Morgan Stanley smoothly placed a tranche of 4¼m Dixons shares at a small discount to the market price and the shares shed just 2 to 104p.

Unilever fell back again after suggestions of a placing on Wednesday. But trading was quiet before the release today of its third-quarter results. Analysts expect pre-tax profits of around £430m compared with £388m last time. Unilever closed 12 lower at 619p.

Reuters fell 18 to 885p following a report that it will delay the introduction of the second phase of its Dealing 2000 product for foreign exchange markets.

Cable & Wireless rose in reaction to the news that China's paramount leader, Deng Xiaoping, had resigned from the nation's most powerful position as chairman of the Central Military Commission.

Analysts said Cable & Wireless has a close connection with Hong Kong, and political changes in China this year have had an important impact on its share price. Cable & Wireless owns 75 per cent of Hong Kong Telecom, while its Hong Kong interests contribute around 70 per cent of the company's pre-tax profits.

Mr Stephen Owen, of James Capel, said the rally on the Hong Kong stock market today on the news had prompted prices to be marked higher in London. "There is a feeling that the Chinese leadership may be disassociating itself with the past," he said. Cable & Wireless closed 10 up at 502p.

Third quarter new business figures from the Association of British Insurers meant gentle rises for leaders in the life sector. Lloyds Abbey firmed 4 to 270p, Legal & General added a penny at 375p and Prudential climbed 8¼ to 206p. The last-named turned over 4.4m shares, good volume for the second day running, as Hoare Govett recommended buying the stock in the wake of a seminar at its offices yesterday and ahead of today's bullish insurance quarterly.

Interim profits at Yale & Valor of £25.9m, against last year's £21.6m were well above expectations and lifted shares. Mr John Houlihan, analyst at Hoare Govett, said: "I think this is going to be one of those stocks that will show a good rate of growth in an economic environment that is threatening to be recessionary." Shares closed 3 better at 276p.

Shares in Pilkington rose as talk of a bid from BTR, which has a 3.8 per cent stake in Pilkington since its 1987 bid attempt, circulated. Pilkington shares closed 6½ better at 235p. though BTR's eased a couple to close at 434p.

Mr Angus Blair, analyst at Kitcat & Aitken said: "The rumour of a bid for Pilkington rears its head regularly. We think a bid unlikely. Further expansion for Pilkington in the North American market is more a possibility."

Talk of a bid for Westland from GKN, which holds a 26 per cent stake in the company, helped lift the Westland shares. They closed up 6 at 134p. Mr John Goldschmidt, analyst at Charterhouse Tilney, commented: "I do not expect a bid for Westland from GKN until Westland obtains new helicopter orders. GKN shares closed down 3 at 391p.

The news that engineering trade unions were to add the Lucas diesel plant at Sudbury to the list of factories where they are considering a strike ballot, helped depress the shares. The price was also affected by news that small self-administered executive pension schemes might disappear under government proposals, and there are two such at Lucas. Lucas closed at 574p, a drop of 14 on the day.

Hawker Siddeley continued its rise, the shares going 4 better to end the day at 644p. Mr Alasdair Stewart, analyst at Charterhouse Tilney, said: "I think it is dawning on the market how much Hawker Siddeley is likely to gain from increased spending on automatic train protection, updated signalling and new railway carriages, all for British Rail following the Clapham rail disaster inquiry. The company is likely to share in a total of about £950m due from British Rail in these three areas."

Kwik-Fit touched 160p before easing back to close at 157p, a gain of 4 on the day on speculation that Continental, the West German tyre maker which owns 13.13 per cent of Kwik-Fit shares was considering making a full bid for the company.

Renewed US bnying of Saatchi & Saatchi fuslled vague bid talk and the shares added 6 to 336p. Turnover was a steady 1.9m shares.

The revelation that Mr Conrad Black, the Canadian media entrepreneur, had increased his stake in United Newspapers by a percentage point to just more than 9 per cent, sent the shares streaking ahead to 480p. They snbsided by the close to 476p, still 18 better on the day.

There was little buying interest in Blne Arrow, which slipped a penny to 94p in thin trade.

Euro Disneyland continued to be sought, especially after the US company Walt Disney announcement a big jump in profits for its latest quarter and fiscal year. The shares climbed another 11 to 916p.

Press speculation that a bid for Leisure Investments was imminent did nothing for the shares. Tbey slumped 9½ to 33p at one point on a variety of suggestions, among them that the chairman's 7.8 per cent stake had been placed. The possibility that the stake had gone to a single acquisitive bnyer belped tbe shares recover to 36p by the close.

Ultramar remained a firm market, closing a furtber 2 higher at 339p on turnover of around 1m as analysts continued to enthuse over news of the proposed sale of US company Tosco's 138,000 barrels a day refinery in San Francisco for upwards of $1bn. A sale of the refinery at this price would make Ultramar's purchase of the 100,000-barrels-a-day Wilmington refinery near Los Angeles last year look "an absolute snip," according to one researcher. Mr Fergus Macleod at BZW said a figure of $1bn "would add 50p a share to ourUltramar asset value of 449p."

Exploration Company of Louisiana rose 8 to 242p, witb dealers awaiting what is expected to be a bullisb drilling report from the company's Yoakum field in Texas. And Mr Bill Miller, the company managing director is expected to give e series of presentations to Scottish insitutions early next week.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 33

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (42). [illegible] Japan, Drayton Far East, Drayton Wrrnts., 1982-81., Fleming Far Eastern, Fleming Overseas Tst., Govett Oriental, Martin Currie Pac. Wrrnts., Templeton Em. Mkts., Do. Wrrnts., OILS (1) Aviva Pet., MINES (28) Chdt Oil Wrrnts., Deelkraal, Dominion Mng., Doornfontein, Driefontein, Durban Deep, Elandsrand, Grootvlei, Hartebeest, Kinross, Kloof Gold, Loraine, Northgate, Southvaal, St. Helena, Stilfontein, Unisel, Venterspost, Western Deep, Winkelhaak.
NEW LOWS (39). [illegible] (1) Harmony Leisure, INDUSTRIALS (3) Allied Part., Coloroll, Hestair, LEISURE (2) Leisure Inv., Owners Abroad, MOTORS (2) Bletchley Motor Grp., Paxton Grp., PAPERS (1) Osborne & Little, PROPERTY (6) Chesterfield, Christie Grp., Cussins Prop. Grp., Fletcher King, Pennant Props., TRANSPORT (1) Seafield, TRUSTS (3) Siam Fund., SPRAIT, Throg USM Tst. Wts., OILS (1) Century, MINES (2) Colby Res., Elders Res., THIRD MARKET (2) Eg'ton Expl. Ir., Royal Sovereign.

FINANCIAL TIMES STOCK INDICES

	Nov 9	Nov 8	Nov 7	Nov 6	Nov 3	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	84.63	84.37	84.06	84.02	83.75	88.63	89.29 (6/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	93.73	93.61	93.55	93.31	93.29	97.28	98.59 (15/3)	93.20 (19/10)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1764.3	1774.2	1753.8	1747.0	1748.4	1478.8	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	260.8	258.8	245.2	234.2	231.5	178.4	260.6 (9/11)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2201.7	2203.8	2178.2	2169.8	2173.1	1828.2	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.69	4.66	4.71	4.73	4.73	4.73				
Earning Yld %(full)	11.28	11.20	11.34	11.36	11.37	11.91				
P/E Ratio(Net)(☆)	10.72	10.79	10.66	10.64	10.64	10.17				
SEAQ Bargains(5pm)	25,002	23,209	21,437	26,611	21,202	23,973				
Equity Turnover(£m)†	-	852.55	727.06	674.99	808.94	1165.53				
Equity Bargains†	-	21,222	19,655	20,313	20,786	25,846				
Shares Traded (ml)†	-	370.2	337.0	302.0	307.7	467.2				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 10.63

Ordinary Share Index, Hourly changes — Day's High 1775.8 — Day's Low 1764.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1774.4	1788.7	1769.0	1774.5	1775.0	1774.5	1774.1	1767.8

FT-SE, Hourly changes — Day's High 2213.3 — Day's Low 2193.3

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2205.7	2201.1	2202.5	2210.5	2212.6	2212.1	2211.2	2203.6

GILT EDGED ACTIVITY

Indices*	Nov 8	Nov 7
Gilt Edged Bargains	84.9	81.6
5—Day average	87.4	88.6

*SE Activity 1974. †Excluding intra-market business & Overseas turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value and of the five-day averages of Equity Bargains and Equity Value, was discontinued on July 31. Closing values for July 28 available on request. ◆ Corrected figure. London report and latest Share Index: Tel. 0898 123001.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,800	136	-2	Courtaulds	1,300	354	+1	LASMO	157	538	-2	Saatchi & Saatchi	1,900	336	+6
Abbey National	2,900	149		Dalgety	53	377	-2	Laporte	607	269		Salisbury	1,400	253	-3
Allied-Lyons	2,400	465	+1	Dixons	9,000	104	-2	Lucas	689	574	-14	Scott & Newcastle	2,000	357	+4
Amstrad	1,500	42	-4	Eng. China Clays	149	483	-3	MB Group	1,500	19½	-1	Sears	1,200	110½	
Argyll Group	2,400	218	-2	Enterprise Oil	202	683		MEPC	1,600	509	+4	Sedgwick	915	288	-1
Ass. Brit. Foods	156	395		Fisons	1,100	333	+1	Marks & Spencer	2,400	197	-1	Shell Transport	6,900	418	-4½
BAA	726	356	-7	General Accident	170	1053	+3	Maxwell Comm.	860	227	-1	Slebe	1,000	461	-3
BAT Inds.	1,775	775	+4	General Elect.	4,500	290½	-5½	Mecca Leisure	513	159	-1	Slough Ests	1,600	307	+8
[illegible]				[illegible]				[illegible]				[illegible]			
Commercial Union	1,000	469		Legal & General	515	375	+1	Royal Insurance	879	482	-1	Williams Hldgs.	1,100	235	+5
Costain	2,100	277	-2	Lloyds Bank	10,000	413	+31	STC	1,800	256	-10	Wimpey	1,100	245	+7

APPOINTMENTS

ML Holdings senior posts

ML HOLDINGS has made the following appointments. Mr Derek F. Crook joins the group executive committee and becomes managing director, ML Component Distribution; Mr James A.G. Luck, managing director, ML Defence Gronp; Mr James S. Tucker, managing director, ML Slingsby Group; Mr Roger S. Atkinson, managing director, ML Aviation; and Mr Clive Rushton, finance director, ML Wallop Defence Systems.

THERMOS, Brentwood, has appointed Mr Philip Brazington (*above*) as managing director in addition to financial director. His appointment follows the acquisition of Thermos, Chicago, by Nippon Sanso.

■ Mr Jeremy Leathers has been appointed managing director of STOCKSIGNS, following its acquisition by British and Foreign Wharf Co, of which Mr Leathers is also a director. He was UK managing director of Ocean Environmental Management.

■ Mr Richard Buchanan has been appointed deputy managing director of THE LIFE ASSOCIATION OF SCOTLAND from November 20, and is to succeed Mr J.M. Souness when he retires next year. Mr Buchanan was with Colonial Mntual Life Assurance Society.

■ Mr Francis Carnwath has been appointed deputy director of the TATE GALLERY from February 1. He is personnel and administration director at Baring's.

■ Mowlem Building has appointed Mr Richard Manfie as director responsible for Mowlem City; and Mr Tom Tinner as marketing director.

■ Mr Andrew Salvesen has been appointed a non-executive director of CHRISTIAN SALVESEN. He is relinquishing his post as chairman of Salvesen Oilfield Technology, together with his related executive responsibilities.

■ NFC has appointed Mr Charles Williams as human resources director, transport division. He was personnel director, BRS.

■ Mr Quintin Heaney has been appointed finance director, and Mr Stephen McGill as a director, of LLOYD THOMPSON.

■ BARIS HOLDINGS has appointed Mr Terry Damms as managing director of Baris Fire Protection, and as an associate director of Baris Dry Lining. Mr Brian North, a director of Haden Maclellan Holdings, has been appointed a non-executive director of Baris Holdings. He was finance director, The Burton Group.

■ PRIEST MARIANS HOLDINGS has appointed Mr George Craven as managing director of subsidiary Priest Marians Developments. He was project manager.

■ WILLMOTT DIXON MAINTENANCE has appointed Mr Malcolm Gemson as managing director, northern.

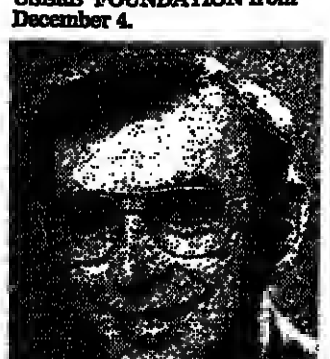
■ BENLOX has appointed Mr Richard Morris as chairman. He is a director of Laing & Cruickshank. Mr Bob Hankes-Drielsma has been appointed a non-executive director. He is a managing director of ICA Holding NV and a non-executive director of Tranwood. Mr Simon Berrill, who has been both chairman and chief executive, reverts to his original appointment as chief executive.

■ BICC has appointed Mr Harry Schell, president and chief executive officer of its US cablemaking subsidiary, Cablec Corp, to the main board.

■ Ms Pida Ripley has been appointed director of development at the Royal Institute of International Affairs (Chatham House).

■ CONGREGATIONAL & GENERAL INSURANCE has appointed Mr David J. Collett as financial controller.

■ Mr John Skarratt has been appointed director of THE TELECOMMUNICATIONS USERS' FOUNDATION from December 4.



Mr Chris G. Burley (*above*) has been appointed vice president and general manager of CARBORUNDUM RESISTANT MATERIALS - Europe, Africa and the Middle East. He was director, UK operations. Based at Sale, Cheshire, the company is a wholly-owned subsidiary of BP America, and forms part of the BP Chemicals Group.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ✠ - 0001 to 1100 hours; ◆ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Wellington Fund Mngrs Ltd (1200)F						
2, London Bridge, SE1 01-407 4404						
Wellington Income	5¼	133.4	135.1xd	143.7	-0.2	5.55
Wellington Growth	5¼	212.3	214.4xd	228.1	+0.5	1.42
Wessex Asset Management (1330)F						
1 Richmond Hill, Bournemouth BH2 6HW 0202 299432						
Wessex UK Gwth.	4½	107.1	110.7	115.5	+0.2	2.94
Whittingdale Unit Tst Mgmt Ltd						
2 Honey Lane, London EC2V 8BT 01-606 3132						
Challenger ♦ F	2¼	60.17	60.17xd	61.72	+0.04	0.27
Short Dtd Gilt ♦ F	1¼	81.72	81.72	82.90	+0.05	[illegible]
U.S. Govmt Bnd ♦ F	1¼	5.5762	.5762xd	.5837	+0.008	0.00
Wilibro Financial Services Ltd (0905)F						
PO Box 515 Austin Friars, London EC2 01-588 7511						
Aust Friars W'wide	5	187.6	190.9	203.0	—	2.60
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Commdty & Energy	5	55.82	58.92	62.67	-0.31	7.55
European	5	72.55	72.71	77.35	-0.06	0.10
Far Eastern	5	62.50	65.88	70.08	+0.83	0.64
Growth Inc	5	77.32	81.27	86.45	+0.36	1.58
Growth Acc	5	77.39	81.34	86.52	—	1.58
Income Inc	5	75.27	77.67	82.62	+0.07	5.14
Income Acc	5	75.37	77.77	82.73	+0.07	5.11
Property Share	5	48.30	48.30	51.40	+0.22	1.09
Smaller Co's	5	49.48	49.48	52.74	+0.18	1.01
Nth American	5	63.30	63.30	67.49	+0.77	1.62
International	5	47.46	47.46	50.35	+0.2	1.45
Asset Value	5	157.83	157.83	168.80	+0.56	4.43
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0992						
Intl Growth	5	111.29	111.29	117.15	—	0.00
UK Growth	5	91.47	91.47	96.28	—	3.12

FT UNIT TRUST INFORMATION SERVICE

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	Bid Price	Offer Price	+ or –	Yield Gross
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	123.0	130.0	+1.0	–
Building Soc. Fd.	190.0	190.0	–3.0	–
Balanced	274.0	289.0	.....	–
European	181.0	191.0	.....	–
GT Managed	183.0	193.0	.....	–
Gartmore Mngd.	126.0	133.0	.....	–
German	140.0	148.0	+1.0	–
Gilt	175.0	185.0	+1.0	–
Global	49.0	52.0	.....	–
High Inc.	106.0	112.0	.....	–
International Equity	188.0	100.8	.....	–
Japan	279.0	294.0	+1.0	–
Managed	56.0	59.0	.....	–
Property	298.0	314.0	.....	–
R. W. Imperial Gold	148.0	156.0	.....	–
UK Equity	301.0	317.0	–1.0	–
Pension Funds				
American	156.0	165.0	.....	–
Building Soc. Fd.	179.0	189.0	.....	–
Balanced	216.0	228.0	.....	–
European	188.0	198.0	.....	–
German	124.0	111.0	.....	–
Gilt	153.0	162.0	.....	–
International Equity	141.0	149.0	.....	–
Japan	143.0	151.0	.....	–
Managed	61.0	65.8	–1.0	–
Property	228.0	240.0	.....	–
UK Equity	302.0	318.0	.....	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	92.16	97.41	.....	–
Pensions Cash Fund	81.40	85.71	.....	–
Prolific Life & Pensions Ltd				
Stramongate, Kendal, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Gwth Mngd.	599.8	632.1	+0.9	–
Adventurous Mngd.	129.3	136.3	+0.4	–
Secure Mngd.	109.1	115.0	+0.1	–
Cash Fd	240.7	253.7	.....	–
Property Fund	297.9	314.0	.....	–
Equity Fund	676.3	712.7	+1.1	–
Fxd. Int. Fund	293.4	309.2	+0.5	–
International	326.3	347.2	+1.5	–
High Income	443.7	472.1	+0.2	–
Far East	445.8	474.3	+1.2	–
North American	288.3	306.8	+4.1	–

	Bid Price	Offer Price	+ or –	Yield Gross
Prudential Holborn Pensions Ltd—Contd.				
Index Linked Gilt	204.4	215.2	+0.6	–
Guaranteed	11.73		–0.12	–
International Money	210.2	221.5	–0.1	–
North American	79.1	83.3	+1.1	–
Japanese	161.0	169.5	+1.4	–
European	103.0	108.5	+0.7	–
Special Situations	109.3	115.1	+0.5	–
Communications	101.4	106.8	–0.2	–
Smaller Companies	103.6	109.1	+0.6	–
International Small Cos.	139.5	146.9	+1.1	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Nov 8	£257.88	262.86	+0.61	–
Equity Nov 8	£167.00	173.12	+2.71	–
International Nov 8	£27.93	28.55	–0.62	–
Intl Bond Nov 8	£12.84	11.01	–0.81	–
Fixed Int Nov 8	£74.08	74.86	+0.08	–
Index Linked Nov 8	£63.47	64.26	–0.19	–
Property Nov 8	£116.47	123.34	+0.04	–
Cash Nov 8	£22.0374	22.0374	+0.0009	–
Pre-Linked Retirement Plan				
Managed Nov 9	379.7	395.6	.....	–
Cash Nov 9	206.7	215.4	.....	–
Prudential Pensions Investment Account				
Pens Mngd Nov 9	153.6	165.3	+1.5	–
Pens UK Eq Nov 9	281.9	303.9	+4.6	–
Pens Intl Nov 9	191.4	206.0	–0.4	–
Pens Fixed Nov 9	170.4	180.0	+0.5	–
Pens Index Lk Nov 9	164.2	173.5	+0.1	–
Pens Cash Nov 9	134.9	142.1	.....	–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd.	118.6	124.8	+0.6	–
Balanced Ptflio Fd.	309.4	325.6	+1.6	–
Cautious Ptflio Fd	122.3	128.7	+0.3	–
Elite Fund	107.4	113.0	+1.8	–
European Fund	89.8	94.5	+0.7	–
Far East Fund	110.0	111.7	+0.6	–
Fixed Interest Fund	242.6	255.3	+0.8	–
International Fund	285.8	300.8	+1.4	–
Money Fund	181.9	141.4	.....	–
N. American Fd.	123.4	129.8	+1.2	–
Property Fund	391.9	412.5	+1.3	–
UK Equity Fd.	368.1	387.4	+2.7	–
A.I.M. Brewin Dolphin Fd.	97.1	102.2	–0.2	–
Swiss Select Invs.	113.0	119.8	+0.8	–
Chart Safety First Bd	106.3	111.9	+0.3	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100	98¾	Exch 10¼pcCv '89	[illegible]		–	–
101	99	Treas 13pc 1990‡‡	[illegible]		13.06	14.75
133	124	Treas 2pc IL '90(84.6)	133		2.09	9.98
99	98	Exch 11pc 1990‡‡	[illegible]		11.11	14.34
101	99	Exch. 12½pc 1990	[illegible]		12.59	14.49
96	91	Treas. 3pc 1990	[illegible]		3.12	11.64
97¼	95⅝	Treas 8¼pc 1987-90‡‡	97		8.49	13.60
98	95¼	Treas. 8pc Cv 1990 ‡‡	[illegible]		8.29	13.56
98	96	Treas. 10pcCv 1990	97		10.30	13.36
93	87	Exch 2½pc 1990	92½		2.69	10.07
101	98	Treas 11¾pc 1991	[illegible]		11.91	12.97
93¼	89⅞	Funding 5¾pc '87-91‡‡	[illegible]		6.18	11.24
90⅞	86	Treas. 3pc 1991	[illegible]		3.31	9.87
100	95	Treas 10pc Cv '91 ‡‡	96		10.36	12.36
101	96	Exch. 11pc 1991	97		11.24	12.27
94	91	Treas. 8pc 1991	92½		8.65	12.20
106	100	Treas 12¾pc 1992‡‡	101		12.51	11.71
99½	95	Treas 10pc 1992	96		10.36	11.74
94	90	Treas. 8pc 1992 ‡‡	92		8.67	11.72
100¼	96	Treas 10½pc Cv 1992‡‡	97		10.74	11.56
85	82¼	Treas. 3pc 1992	84		3.54	9.82
105	100¼	Exch. 12¼pc '92	101		12.08	11.61
109¼	103	Exch 13½pc 1992	104		12.88	11.47
94	90	Treas 8¼pc 1993	91		9.00	11.33
100	95	Treas 10pc 1993‡‡	96		10.34	11.17
108¼	102	Treas 12½pc 1993‡‡	103		[illegible]	11.23
88	84	Funding 6pc 1993‡‡	[illegible]		6.9	10.20
113¼	107	Treas 13¾pc 1993‡‡	[illegible]		12	11.14
94¾	89¼	Treas. 8½pc 1994	[illegible]		9	11.14
117	111	Treas 14½pc 1994‡‡	[illegible]		12	10.97
113	107	Exch 13½pc 1994	[illegible]		[illegible]	11.10
100⅝	95	Treas. 10pc Ln. 1994‡‡	[illegible]		[illegible]	10.96
110¼	104	Exch. 12½pc 1994	[illegible]		[illegible]	11.08

BRITISH FUNDS – Contd

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Over Fifteen Years				
103	94½	Conversion 9½pc 2005	96½		9.84	9.94
111¼	102	Exch.10½pc 2005	104⅜		10.05	9.93
125	115	Treas. 12½pc 2003-05	117⅝		10.63	10.12
90	82⅞	Treas. 8pc 2002-06‡‡	84⅝		9.45	9.89
105	97	Conversion 9¾pc 2006	98		9.86	9.89
118	109	Treas. 11¾pc 2003-07	111½		10.54	10.13
96	87	Treas 8½pc 2007 ‡‡	89⅝		9.48	9.74
134⅝	123⅝	Treas. 13½pc '04-08	125¼		10.74	10.07
101	92	Treas. 9pc 2008 ‡‡	94		9.55	9.67
92	84	Treas 8pc 2009	85		9.33	9.61
102	93¼	Conv 9pc Ln 2011 ‡‡	94		9.51	9.58
68	62	Treas. 5½pc 2008-12‡‡	63		8.64	9.36
89	81	Treas. 7¾pc 2012-15‡‡	82		9.35	9.55
132	120	Exch. 12pc '13-'17	122		9.81	9.61
		Undated				
45⅝	40¼	Consols 4pc	41	+¼	9.82	–
40	36¼	War Loan 3½pc‡‡	36	+¼	9.54	–
70	60	Conv. 3½pc '61 Aft.	62½	+¼	5.60	–
41	31	Treas. 3pc '66 Aft.	31	+¼	9.13	–
30	25	Consols 2½pc	26	+¼	9.62	–
29½	25¼	Treas. 2½pc	25	+¼	9.69	–
		Index-Linked (b)			(1)	(2)
112¾	103	Tr. 2pc '92‡‡(97.8)	111		2.68	3.76
105	94	Do. 2'94 (102.9)	103		2.87	3.43
155	139¼	Do. 2pc '96(67.9)	152	+1½	3.04	3.42
130	118	Do 2½pc '01(78.3)	129		3.40	3.65
127	115	Do. 2½pc '03(78.8)	126		3.47	3.69
131	117	Do. 2pc '06(69.5)	129		3.50	3.68
123	118	Do. 2½pc '09(78.8)	120		3.50	3.67
128	114	Do. 2½pc '11(74.6)	126		3.49	3.65

LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Building Societies				
100	98	N'wide Anglia 12pc 4.12.89	99	.....	12.34	15.21
100	99	Do. 12pc 2.1.90	99	.....	12.86	15.17
100	98¼	Do. 12pc 29.1.90	99¼	.....	12.60	15.22
100	98	Do. 12pc 26.2.90	99	.....	12.80	15.2
100	98	Do. 12pc 19.3.90	99	.....	12.98	15.22
100	98	Do. 13pc 23.4.90	99	.....	13.48	15.21
100	98	Do. 13pc 14.5.90	99		13.13	15.15
100	98⅝	Do. 13pc 4/6/90	99		13.77	15.10
100	99¼	Do. 14pc 2.7.90	99	.....	14.39	15.03
100¼	98	Do. 13pc 23.7.90	99		13.75	14.89
100	96	Do. 13pc 13.8.90	98		13.44	14.79
107	98	Do. 3½pcIL Ln 2021	107	.....	4.15	4.20
		Public Board and Ind.				
47	43	Met. Wtr. 3pc 'B'	46	.....	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	.....	3.50	18.75
45	40	Do. 6pc 28 Stb. Ass.	40	.....	3	17.50
45	40	Do 4pc Mixed Ass	40	.....	2	15.00
80	65	Hung. '24 Ass.	80	.....	1.75	13.57
139	127	Hydro Quebec 15pc 2011	129		15.03	11.34
128	118	Iceland 14½pc Ln 2016	121		14.50	11.85
97¼	90½	Ireland 9¼pc '91-96	91	.....	9.75	11.70

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
45⅞	26¼	Abbott Laboratories	41	+⅛	$1	–	2.2
579p	361p	Allegheny & W 1c	465c	–2	[illegible]	–	4.1
18	12	Amax $1	14		[illegible]	–	3.5
11		Ambase Corp $1	0		[illegible]	–	1.5
15	695p	Amdahl 5c	709p	+14	h1	–	0.9
37	25½	Amer. Cyanamid $5	31		31	–	2.7
25	14	Amer. Express 60c	22		[illegible]	–	2.4
28	15	American T. & T. $1	17		$1	–	1.7
41	26	Ameritech $1	38	+¼	h$2.9	–	4.8
659p	520p	AsiaAmerica Equity	567p	+2			–
22	9¼	BankAmerica $1	17		[illegible]	–	2.1
37	19	Bankers N.Y $1	29		$2.1	–	4.5
66	38	Bell Atlantic $1	64½		$4.40	–	4.3
35	19	BellSouth Corp	32	.....	$2.52	–	4.9
15	9	Bethlehem Steel $8	9		40c	–	2.6

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

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AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

هكذا اصله الأصل

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING – Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES – Contd

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc

TRUSTS, FINANCE, LAND – Contd

OIL AND GAS

OIL AND GAS – Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES – Contd

Tins

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
45	35	Ayer Hitam $M1	40	.....	053.3c	0 7	
75	38	Gopeng Berhad M$0.50	75	.....	1010c	2.0	3.2
84	47	Malaysia Mng 10c	62	.....	05c	4 0	1.9
180	120	Petaling $M1	160	.....	0180c		31 2
150	90	Sungei Besi $M1	125	.....	070c	1.4	15.4

Miscellaneous

THIRD MARKET

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
115	28	Tomorrow Leisure 20p	84	.....	–	–	–	32.0

For Tullow Oil see Oils & Gas

1989 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
113	60	UPL Group 10p	65		2.75	1.9	5.6	12.3
150	129	Unit Group	129	.....	5 0	3.3	5.2	7 3
100	66	Video Magic Leis 1p	81		W2 0	0.7	3.3	64.9
14	4½	Vista Ents 5p	5½		–	–	–	–
40	21	Vizcaya Hldgs 5p	23	+2	–	–	–	–
46½	23	Whitegate Leisure 20p	39	–½	–	–	–	–
32½	10	Do. Wrrnts	25		–	–	–	–
10½	5	Wilton Group 1p	5½		–	–	–	–

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ■ Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- * USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ◆ Not comparable
- ◆ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend, cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend; cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. 6 Net dividend and yield. 8 Preference dividend passed or deferred. C Canadian E Minimum tender price F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989 K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90 P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates T Figures assumed. W Pro forma figures. Z Dividend total to date Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p γ	87	.....
Craig & Rose £1 γ	830	.....
Finlay Pkg. 5p γ	68	.....
Holt (Jos) 25p γ	1343	.....

IRISH

Stock	Price	+ or –
Cap. 0½% Ln. 1971	£96¼	.....
9pc Cap Ln. 1996	£97½	+½
Fin. 15% 97/02	£116	.....
Arnotts	400	.....
Carroll (P.J.) γ	150	+5
Hall (R. & H.)	165	.....
Helton Hldgs γ	91	+2
IRG	227	.....
United Drug	130	–5

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	41
Amstrad	6½
Astec (BSR)	5½
BAT	67
BOC Grp	44
BTR	37
Barclays	40
Blue Circle	20
Boots	23
Bowaters	39
Brit Aerospace	46
British Steel	9
Brit. Telecom	22
Cadburys	31
Charter Cons	42
Comm Union	40
Courtaulds	31
Eurotunnel	65
FKI	0
FNFC	22
Gen Accident	92
GEC	19
Glaxo	120
Grand Met	44
Guardian	19
GKN	31
Hanson	18
Hawker Sidd	55
ICI	90
Jaguar	85
Ladbroke	25
Legal & Gen	31
Lex Service	26
Lloyds Bank	31
Lucas Inds	54
Marks & Spencer	16
Midland Bk	26
Morgan Grenfell	30
Nat West Bk	23
P & O Dfd	51
Polly Peck	38
Racal Elect	20
RHM	59
Rank Org Ord	72
Reed Intnl	34
STC	25
Sears	9
Smithkline Bchm. 6	48
TI	38
TSB	9
Tesco	16
Thorn EMI	63
Trust Houses	23
T&N	16½
Unilever	57
Vickers	22
Wellcome	55

Property

Stock	p
Brit Land	27
Control Secs	5
Land Securities	45
MEPC	45
Mountleigh	13

Oils

Stock	p
Brit Petroleum	25
Burmah Oil	65
Charterhall	2½
Conroy Petlm	9
Premier	10½
Shell	37
Tuskar Res	12
Ultramar	28½

Mines

Stock	p
Lonrho	23
RTZ	45

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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and pound at peaks

THE DOLLAR improved after the Federal Reserve drained liquidity from the New York banking system yesterday, but a rise in US producer prices above the general level of forecasts had no impact. Sterling remained supported by high interest rates as high yielding currencies, including the pound and Australian dollar, remained in favour.

Dealers voiced surprise that sterling had shrugged of the news that Lloyds Bank and National Westminster Bank had increased bad debt provisions by a total of £1.775bn on loans to less developed countries. It was pointed out that the pound fell sharply a few months ago when the main UK banks sold sterling and bought dollars to cover large debt provisions, but this time there was no such immediate reaction.

Lloyds mnst sell another £1.2bn and NatWest £575m to cover their dollar denominated loans, but this was obviously not done yesterday. Mr Chris Tinker, currency analyst at UBS Phillips & Drew, said he would expect the banks to sell sterling in one operation. However, with the pound rather fragile, he wondered whether the Bank of England might have suggested the banks find less drastic ways of covering these potential losses.

Sterling closed unchanged against the dollar at $1.5865, but improved against the D-Mark to close at the day's peak of DM2.9325, compared with DM2.9275 on Wednesday. The pound also climbed to SFr2.5725 from SFr2.5650 and to FFr9.9425 from FFr9.9200, but fell against a generally firm Japanese yen to Y226.50 from Y227.00. Sterling's index rose 0.1 to 89.0.

The yen rose on the unwinding of long D-Mark positions against the Japanese currency. This resulted from continued speculation that the Bank of Japan will increase its discount rate. The yen was also stronger against the dollar, and dealers expect this move to accelerate once the present programme of US Treasury auctions is out of the way.

The dollar moved np in late European trading to finish towards the top of the day's range after the Fed acted to drain reserves in New York via overnight matched sale and repurchase agreements. Tbe market believes the Fed may have eased its credit stance, but was not totally surprised when the central bank acted as Fed funds fell to 8¾ per cent. The present target for Fed funds is probably 8¾ per cent, compared with 8¾ previously.

A rise of 0.4 per cent in October US producer prices was higher than expected, but the dollar showed no reaction. In quiet trading it rose to DM1.8480 from DM1.8455; to SFr1.6210 from SFr1.6170; and to FFr6.2675 from FFr6.2525, but fell to Y142.80 from Y143.15. The dollar's index fell to 69.6 from 69.7.

The Australian dollar rose to 79.00 US cents in London. It closed at 78.90 cents earlier in Sydney, in spite of further attempts by the Australian Reserve Bank to check the rise with purchases of US dollars.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Nov.9	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1110	+1.54	+1.13	±1.5424
Danish Krone	7.85212	7.97447	+1.56	+1.15	±1.6419
German D-Mark	2.05853	2.05527	-0.16	-0.57	±1.1019
French Franc	6.90403	6.97028	+0.96	+0.55	±1.3719
Dutch Guilder	2.31943	2.31960	+0.01	-0.40	±1.5019
Irish Punt	0.768411	0.773011	+0.60	+0.19	±1.6689
Italian Lira	1483.58	1502.61	+1.28	+1.28	±4.0815
Spanish Peseta	133.804	129.603	-3.14	-3.14	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov.9	Latest	Previous Close
£ Spot	1.5865-1.5875	1.5880-1.5890
1 month	0.84-0.83pm	0.85-0.83pm
3 months	2.39-2.36pm	2.54-2.51pm
12 months	8.38-8.28pm	8.45-8.35pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

POUND SPOT- FORWARD AGAINST THE POUND

Nov.9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5865 - 1.5925	1.5860 - 1.5870	0.83-0.81cpm	6.20	2.47-2.44pm	6.19
Canada	1.8500 - 1.8565	1.8525 - 1.8535	0.43-0.36cpm	2.56	1.24-1.08pm	2.50
Netherlands	3.30 - 3.31¼	3.30¼ - 3.31¼	1⅞-1¾cpm	6.58	5¼-5⅛pm	6.35
Belgium	61.25 - 61.56	61.45 - 61.55	29-24cpm	5.17	81-75pm	5.07
Denmark	11.33 - 11.39	11.34¾ - 11.35¾	2⅜-2⅛orepm	2.64	7⅞-7⅛pm	2.66
Ireland	1.0985 - 1.1040	1.1005 - 1.1015	0.35-0.30ppm	3.54	1.30-1.20pm	4.54
W. Germany	2.92¼ - 2.93½	2.93 - 2.93½	1¾-1⅝pfpm	7.16	4⅞-4¾pm	6.56
Portugal	249.65 - 251.25	249.75 - 250.75	28-10cpm	0.91	27-77dis	-0.83

CURRENCY RATES

CURRENCY MOVEMENTS

OTHER CURRENCIES

*Selling rate

FINANCIAL FUTURES AND OPTIONS

CHICAGO

LONDON (LIFFE)

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 64,262

A=Ask B=Bid C=Call P=Put

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

EXCHANGE CROSS RATES

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

MONEY MARKETS

London rates ease

THERE WAS an easier tone to interest rates in London and Frankfurt yesterday. A firm pound, a cut in prime rates by a number of US regional banks and signs of an easing of US and West German monetary policy encouraged the downward trend. Dealers also said there were hopes that the Bank of England Quarterly Bulletin, publisbed after the market closed yesterday, would be less bearish than of late.

Three-month sterling bas now returned to the underlying base rate level of 15 per cent. The rate was quoted at 15 1/32-14 31/32 per cent yesterday, compared with 15 1/16-15 on Wednesday. Longer term rates were soft: 12-month money falling to 14⅝-14¼ from 14½-14⅜ per cent. On Liffe short December sterling opened firmer at 85.30 and closed at the day's high of 85.33.

UK clearing bank base lending rate 15 per cent from October 5

In Frankfurt call money declined to 7.65 from 7.75 per cent, in spite of the Bundesbank's move to drain DM4.6bn from the banking system at this week's securities repurchase agreement tender. This drain of money has been more than offset by an increase of DM5bn in the the amount banks can borrow from the Bundesbank under the rediscount facility.

There is also speculation in the market that the Bundesbank may reduce minimum reserve requirements for commercial banks. This would also increase liquidity in the market. The minimum average requirement for November is expected to be about DM56bn, but there has been so much surplus money around so far this month that on Tuesday banks' reserve boldings stood at DM67.3bn, to average DM65.4bn for the first six days of the month.

In London the Bank of England initially forecast a credit shortage of £300m on the money market, but revised this to £350m at noon. Help of £254m was provided. The authorities did not operate in the market before lunch, hut later bought £254m bills by way of £59m bank bills in band 1 at 14⅞ per cent, £43m Treasury bills in band 2 at 14¾ per cent and £152m bank bills in band 2 et 14¾ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £414m, with a rise in the note circulation absorbing £65m and bank balances below target £70m. These factors outweighed Exchequer transactions adding £245m to liquidity.

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BASE LENDING RATES

JOTTER PAD

CROSSWORD

No.7,086 Set by MUTT

ACROSS

1 Opening that could be a source of reliable information (8,6,5)
10 Flattened by the full range being in colour (9)
11 Some half ploughed furrow left; how and (9)
12 Swipe cut short cat's contentment with the joint of meat (7)
14 What's held in 1 across, being caught in the act, charged (7)
15 Cockney's mate in the country (5)
16 Ungenerous and finicky about a retired doctor (9)
19 Give way, for example about points of colour (4-5)
20 Boat for back-waters (5)
22 Something added, notice, to overhang surrounding New Church (7)
24 Blurt tune out, being violently disturbed (8)
25 Can you say 'ow such an animal got transported to this place? (3-4)
27 Nothing inside greedy miss (5)
28 Singing gin-and-it, Gert is going all to pieces (14)
29 Nothing inside greedy miss (5)

DOWN

2 Taking a chance, say, has put one in grand form (9)
3 Turn up ring road to youth hostel and hotel (6)
4 Vibration on a screen should be adjusted (9)
5 Upset, the German soldier went astray (5)
6 Night lights affording a fit the illumination (9)
7 One may be strong hearted but not healthy (5)
8 Oh, Lydia, give us a break (7)
9 Getting right into the subject of Capricorn, perhaps (8)
13 Indian tribe, one of five, following almost unsteadily (9)
17 Starter gets officer almost over the hill (8)
18 It's not possible in this port ... the to cheat (2,3,4)
19 Inclined to be biased (7)
21 Take off what one earns without stick (6)
23 Exercises for useless people (7)
24 The subject of most he-men (5)
26 Out of turn, to be precise (5)

Solution to Puzzle No.7,085

WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

GERMANY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

SINGAPORE [illegible]

NOTES – Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible]

INDICES

NEW YORK

DOW JONES	Nov. 8	Nov. 7	Nov. 6	Nov. 3	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2623.36	2597.13	2582.17	2629.51	2791.41 (9/10)	2144.64 (3/1)	2791.41 (9/10/89)	41.22 (2/7/32)
Home Bonds	93.00	92.89	92.83	93.05	94.15 (2/8)	87.35 (23/3)	—	—
Transport	1199.15	1188.30	1192.57	1211.77	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	220.95	219.63	218.06	219.69	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2644.26 (2608.81) Low 2594.67 (2563.11)

STANDARD AND POOR'S

	Nov. 8	Nov. 7	Nov. 6	Nov. 3	1989 HIGH	1989 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	338.15	334.81	332.61	337.62	359.80 (9/10)	275.31 (3/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	385.14	381.39	378.85	384.77	410.49 (9/10)	318.66 (3/1)	410.49 (9/10/89)	3.62 (21/6/32)
Financial	32.55	31.99	31.79	32.35	35.24 (9/10)	24.30 (3/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	187.48	185.74	184.77	187.28	199.34 (9/10)	154.98 (3/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	370.72	368.51	368.68	371.79	397.03 (10/10)	305.24 (3/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	454.05	449.40	448.02	452.97	485.73 (9/10)	378.56 (3/1)	485.75 (9/10/89)	54.87 (31/10/72)

	Nov 3	Oct 27	Oct 20	year ago (approx.)
Dow Industrial Div. Yield	3.93	3.97	3.83	3.62

	Nov 1	Oct 25	Oct 18	year ago (approx.)
S & P Industrial div. yield	2.97	2.95	2.95	3.19
S & P Indl. P/E ratio	14.25	14.31	14.28	13.03

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Wyse Tech	3,637,600	9½	− ⅛
First Phil	2,580,700	14	—
Philip Morris	2,512,400	41⅞	+ ⅛
Pac Gas & Elect	1,786,900	20⅞	—
Pinnacle W Cap	1,785,100	9⅞	+ 1⅛
Bristol Myers Sq	1,774,000	53¾	+ ½
Lomas Fin	1,624,300	7/16	− ⅛
IBM	1,578,600	96⅞	− ½
Telerate	1,530,500	20⅜	− ½
Chase Mhg Corp	1,504,400	32⅛	+ 1

TRADING ACTIVITY

† Volume (Millions)	Nov 8	Nov 7	Nov 6
New York	171.134	163.561	135.480
Amex	13.395	11.256	9.787
NASDAQ	137.905	130.555	111.076
Issues Traded	1,957	1,950	1,964
Rises	1,076	811	349
Falls	400	633	1185
Unchanged	473	506	430
New Highs	47	27	23
New Lows	51	94	87

CANADA

TORONTO	Nov 8	Nov 7	Nov 6	Nov 3	1989 HIGH	1989 LOW
Metals & Minerals	3421.60	3401.82	3380.95	3438.76	3919.2 (1/9)	3207.5 (3/1)
Composite	3937.02	3923.25	3906.75	3929.10	4037.8 (6/10)	3350.5 (6/1)
MONTREAL Portfolio	2003.82	1997.7	1993.0	2005.16	2069.68(10/10)	1677.48 (3/1)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Nov. 9	Nov. 8	Nov. 7	Nov. 6	1989 HIGH	1989 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1650.4	1658.4	1648.2	1656.9	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	828.6	832.1	812.1	815.1	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	382.01	371.77	370.84	403.20	515.09 (11/10)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6336.70	6275.90	6217.81	6332.79	6805.38 (26/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	342.68	340.80	340.82	342.52	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	652.9	657.4	659.7	662.8	815.8 (18/4)	652.9 (9/11)
FRANCE						
CAC General (31/12/82)	507.6	501.7	500.6	511.0	561.6 (11/10)	417.9 (4/1)
Ind. Tendance(30/12/88)	116.1	114.5	113.3	115.7	128.1 (10/10)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	623.07	610.75	608.23	611.15	690.91 (10/10)	535.78 (27/2)
Commerzbank (1/12/53)	1829.0	1792.9	1783.7	1807.9	2056.8 (10/10)	1595.7 (27/2)
DAX (30/12/87)	1462.96	1441.79	1428.07	1454.38	1657.61 (8/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2781.44	2731.07	2738.09	2756.12	3309.64 (15/5)	2093.61 (5/6)
IRELAND						
ISEQ Overall (4/1/88)	1660.15	1661.22	1660.29	1664.63	1848.93 (10/8)	1360.64 (10/1)
ITALY						
Banca Com. Ital. (1972)	648.56	646.36	648.98	655.32	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35657.42	35595.59	35270.46	35434.00	35689.98 (28/9)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2684.12	2674.31	2663.39	2681.48	2703.58 (2/10)	2366.91 (6/1)
2nd Section (4/1/68)	3664.61	3660.51	3648.93	3653.02	3804.11 (9/10)	2774.38 (27/3)
NETHERLANDS						
CBS Tti.Rtn.Gen.(End 1983)	248.7	249.0	244.8	246.5	272.7 (21/9)	208.3 (3/1)
CBS All Shr (End 1983)	191.2	191.3	188.2	189.4	210.5 (8/9)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	624.91	623.10	620.14	628.12	695.50 (28/9)	467.17 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1363.23	1356.75	1342.14	1348.16	1363.23 (9/11)	804.62 (6/2)
SINGAPORE						
Straits Times Ind. (30/12/66)	1325.24	1321.31	1320.84	1322.83	1431.85 (12/10)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1943.0	1925.0	1887.0	1849.6	1941.0 (9/11)	1291.0 (15/2)
JSE Industrial (28/9/78)	2579.0	2565.0	2557.0	2584.0	2838.0 (25/8)	1961.0 (3/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	907.21	872.88	877.76	881.46	1007.80 (3/4)	846.30 (1/7)
SPAIN						
Madrid SE (30/12/85)	(c)	301.13	301.60	304.86	328.93 (13/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4189.6	(u)	4134.9	4163.1	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	735.2	734.1	723.2	729.0	829.1 (6/9)	613.1 (3/1)
TAIWAN**						
Weighted Price (30/6/66)	10134.13	10119.85	10025.29	10315.79	10773.11 (25/9)	4873.01 (5/1)
THAILAND						
Bangkok SET (30/4/75)	716.26	704.24	702.05	704.58	724.93 (13/9)	386.73 (2/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	526.6	522.4	522.8	551.2 (3/8)	487.6 (13/6)

**Saturday Nov. 4: Taiwan Weighted Price: 10492.45. Korea Comp Ex. 888.46.
♦ Subject to official recalculation.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday November 9 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
IHI	47.4m	1,380	+80	Toyobo	20.5m	1,000	+16
Aoki Corp	31.4m	1,800	+70	Sumitomo R&D	18.8m	2,320	+120
Tokyo Yatemono	28.8m	2,130	+60	Kansai Paint	14.2m	1,260	+70
Mitsui Eng&Shp	22.7m	893	+23	KHI	13.6m	1,060	+40
Saso Kogyo	22.5m	893	+23	Toda Constr	12.8m	2,300	-110

2pm prices November 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A–A–A –								
37½	21⅞	AAR	.40	1.4	21	219	34⅞	24¼	34⅛	– ½
9⅝	8⅞	ACM n	1.01	11.		101	9½	9⅜	9⅜	+ ⅛
11⅝	10¼	ACMIn		11.		210	11½	11¼	11¼	
16⅛	6	ACM M	n1.01	12.		607	8⅞	8⅛	8⅛	
11½	10	ACM Sc	1.26	11.		359	11⅛	11	11	
9⅝	8⅛	ACMSp	1.01	11.		291	9⅛	9	9	– ⅛
18	11½	AL Lab	.12	.7	17	9	16⅛	16⅛	16⅛	– ⅛
4⅛	3⅛	AMCA	.12e	3.4	20	10	3½	3½	3½	– ⅛
6⅞	4½	AM Intl			11	2869	5	4⅞	5	+ ⅛
28½	20⅛	AM In pf	2	8.8		51	21¼	21	21⅛	
107¼	40⅛	AMR			8	1509	16	71⅞	71½	– ⅞
27	25	ANR pf	2.67	11.		x2	25⅛	25⅛	25⅛	– ⅛
24⅞	20⅛	ANR pf	2.16	8.9		x41	23⅞	23⅞	23⅞	+ ½
6½	3⅝	ARX				61	2⅞	3⅝	3⅝	– ⅛
64⅞	57¼	ASA	3a	6.8		1139	65¼	63⅛	59½	– ½
30¼	18¼	AVX	.24	.8	26	1497	29½	28⅛	29⅛	+ ⅛
66½	44½	AbtLab	1.40	2.1	18	4193	68	69⅞	65⅞	+ ¼
16¼	12⅝	Abitibi g	1			1270	12⅛	d12⅛	12⅛	– ½
13	7½	AcmeC	.40	4.2		42	9⅝	9½	9½	
9¼	6⅞	AcmeE	.32	3.8	11	61	8½	8½	8½	
38¼	20⅛	Acuson			23	131	30⅛	35⅛	36¼	+ ⅛
11	14¼	AdaEx	1.82e	11.		79	16⅞	16⅝	16⅛	+ ⅛
12⅞	6½	Adobe				67	10½	10½	10½	+ ¼
16½	1⅛	AMD				229	7⅞	1⅞	7½	+ ⅛
30	28½	AMD pf	3	10.		4	28¾	28⅞	30⅞	
16⅞	6⅝	Advest	.16	1.5	11	19	8	7⅞	8	+ ⅛
62½	46	AetnLf	2.76	4.6	16	864	65¼	39½	59¼	– ⅛

Continued on Page 51

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

2pm prices November 9

[illegible]

NASDAQ NATIONAL MARKET

2pm prices November 9

[illegible]

AMERICA

Producer prices figures provoke little reaction

Wall Street

SHOWING little reaction to yesterday's October producer prices figures, the equity market drifted in a narrow range throughout the morning session, *writes Janet Bush in New York*.

At 2 pm, the Dow Jones Industrial Average was 9.22 lower at 2,614.14 in volume by midsession of only 88m shares.

While US Treasury bonds were given a mild boost by yesterday's Producer Prices Index, there was little reaction in the equity market. The PPI rose by 0.4 per cent in October – exceeding forecasts of a gain of only 0.2 per cent. Nevertheless, once the volatile food and energy components were stripped out, the gain last month was only 0.1 per cent.

The bond market rose about ¼ point at the long end at mid-session, seeing the figures as more evidence of subdued inflationary pressures.

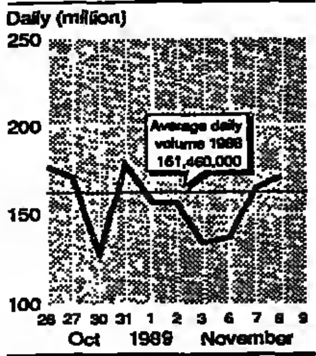
It is now all but certain that the US Federal Reserve eased monetary policy earlier this week, taking its target for Fed Funds to 8¾ per cent from 8⅞ per cent.

The lack of buying yesterday suggests that the equity market's positive reaction to the easing it was so fervently hoping for was completed on Wednesday when the Dow index rose 26.23 points.

An analysis of the quality of that rally does not make encouraging reading. The market began on Wednesday with broad-based buying which took indices steadily higher. One additional factor that helped was a refocusing on potential takeover activity, with the UAL board clearing the way for management to explore buy-out or restructuring plans. However, the market advance stalled in the afternoon session and started to backtrack.

NYSE volume

Daily (million)



The Fed's decision to ease policy before the quarterly refunding (the first auction of three-year bonds was held yesterday) was consistent with past practice, by which the Fed has made its policy stance clear so that investors properly know the basis on which they are bidding.

However, it may be that all potential positive news for both markets has now been absorbed. This could leave bonds vulnerable as the market digests the auction issues and gives equities little potential for encouragement over the coming weeks.

A modest easing in policy may not be enough to allay fears in the stock market about softness in corporate profits in the fourth quarter.

Among featured stocks was Philip Morris, which rose $1⅞ to $42⅞ after the company said that it expected a $450m pre-tax gain on its sale of its 29.35 per cent stake in Rothmans International B shares.

Walt Disney rose $1⅞ to $124⅞ after the company reported net income for its latest quarter about 56 per cent higher than a year ago.

Consolidated Freightways slumped $2⅞ to $28 after the company told analysts that its fourth-quarter results would be near break-even, with a chance of a loss.

Wyse Technology added $1 to $10⅞. The company is known to be in talks with one bidder at $10 a share, but there was speculation that there may be more than one suitor.

Stride Rite jumped $3⅞ to $28⅞ on rumours that Reebok International was interested in acquiring the company.

Canada

LIGHT TRADING left Toronto stocks flat at midsession. The composite index firmed 4.1 to 3,940.1 on volume of 15.7m shares. Advances led declines by 256 to 239.

The gold index slipped after rising for the last three weeks, as the bullion price weakened. The oil and gas sector led gains, with Ranger Oil up C$⅛ at C$7⅛.

Unlucky 13th frightens Continent into activity

William Cochrane on October's turnover figures

FRIDAY the 13th came out of the horror films and into stock exchange parlance in October, as the Wall Street mini-crash was reflected, after the intervening weekend, in a grisly combination of high volume and dropping share prices on continental bourses.

European turnover figures for the month as a whole, therefore, are split by a watershed: there was early growth in business, after markets had ended September mostly tired and unemotional; then came an October 16/17 peak, in near-panic; and, thereafter, a decline, foreshadowing much less healthy figures for November, unless something happens soon to put business on an upward gradient again.

Outstanding in October were France, Belgium and the Netherlands. The French had moved from one speculative stimulus to another: from the Suez/Victoire/Industrielle affair in August, through Navigation Mixte, Bon Marché and Béghin-Say in September, to the full-scale Paribas/Mixte battle in October.

There was also, notes Mr James Cornish of County NatWest WoodMac, fundamental appeal in the slowly-evolving strike situation at Peugeot, which seemed to give the market an extra lift when it was settled towards the end of the month, and the Thomson CSF/Crédit Lyonnais financing deal at about the same time.

The Belgians had a period of embarrassment in mid-month, as their stock exchange's new Computer Assisted Trading System broke down on October 16, and lost what would otherwise have been a flood of business. They were back to blackboard prices and the old open outcry system two days later, returning to the computer on Tuesday, October 25.

Nevertheless, the market reported a rise in volume and ran 60 per cent ahead of October 1988. As in France, takeover speculation helped before Raffinerie Tirlemontoise's sale of its sugar refining activities to West Germany's Südzucker.

Germany, flat for the month as a whole, made a slow start, reached average business for the period from June to October in mid-month, and then achieved what Mr Cornish describes as a "tremendous spike" in the volume charts on the 16th and 17th of the month. After that, it declined with a vengeance and the Frankfurt bourse, which has about 55 per cent of the market (Düsseldorf running second with 25 per cent) hit its lowest level for five months on October 30.

West Germany has not shown the tenacity of France in clinging to pure speculation as a support for share prices and business. It has also been worried about the weight of funds required by pending rights issues for names such as Daimler, Mannesmann and, more recently, Preussag, although this money is often being raised in pursuit of ambitions on the takeover front.

However, the rights issue argument is seen as more serious in Italy, which has also been paying for a busy summer with quieter days in the autumn and which is looking at a prospective decline in November. Mr Roberto Morelli of County notes that the November account, which ends in six days' time, is known as "the account of the dead."

Meanwhile, Spain's apparent leap in September turnover has been revised out of existence. Mr Cornish notes, charitably, that the country is moving on to a continuous market system at the moment, and getting trading right may be seen as more important than the statistics for the time being.

The Swiss, he observes, are conditioned to duck when bonds are a difficult market and inflation and currency worries prevale. Certainly, they have been less adventurous over the past two months.

EUROPEAN EQUITIES TURNOVER
Monthly total in local currencies (bn)

Bourse	Oct '89	Sept '89	Aug '89	July '89	June '89
Belgium	89.6	85.2	82.0	60.0	72.0
France	174.6	145.8	102.0	78.0	98.0
Germany	104.6	104.5	115.5	115.8	132.0
Italy	20,010.0	21,800.0	27,080.0	24,564.0	23,090.0
Netherlands	19.2	16.8	16.0	14.1	17.1
Spain	522.0	805.0	578.8	400.4	522.8
Switzerland	13.5	14.7	19.0	18.6	18.5

Volumes represent purchases and sales. Swiss and Belgian data estimated. Italian data adjusted to include off-market trading. Some figures may be revised. Source: County NatWest WoodMac

EUROPE

Reunification fever takes hold in Frankfurt

LIFTED initially by Wall Street's overnight rally, leading continental markets mostly held on yesterday to find inspiration elsewhere, *writes Our Markets Staff*.

FRANKFURT saw reunification fever strengthen its hold, boosting any stocks which could benefit from closer ties between East and West Germany, or from the influx of immigrants from the former to the latter. The principal beneficiaries, again, were construction and consumer-related stocks, together with shares of *companies with assets in Berlin*, in anticipation of the city's becoming a leading economic centre.

The FAZ index rose 12.32, or 2 per cent, to 623.07 and the DAX index gained 21.17, or 1.5 per cent, to 1,462.96; over the past two sessions, the bourse has more than recouped the ground lost on Tuesday. One observer warned, however, that the rises had been story-driven, rather than based on strong economic fundamentals, and that turnover was still modest at DM4.4bn.

In constructions, Hochtief surged DM70, or 8 per cent, to DM940, Holzmann rose DM58 to DM1,058, Strabag DM27 to DM535 and Bilfinger & Berger, which also reported a rise in nine-month output, ended DM37 higher at DM576.

The retail sector saw Kaufhof gain DM17 to DM549, Horten increase DM14 to DM284 and Karstadt add DM9.60 to DM571.

Elsewhere, Siemens rose DM11.50 to DM545.20 on speculation that it would lift its dividend, and Commerzbank rose DM8.50 to DM255 amid talk that someone was accumulating stock.

Thyssen, the steel and engineering group, gained DM4.30 to DM213.80; in the afternoon it announced the acquisition of Otto Wolff, a large, unquoted engineering company. Another engineer, Linde, added DM8 to DM726 after reporting a 32 per cent rise in nine-month group sales, and energy and chemicals concern Veba rose DM7.70 to DM321.50, also on positive nine-month results.

Preussag eased DM4 to DM306 after pricing its three-for-four rights issue at DM225.

PARIS again sought guidance from Wall Street and ended with only a small rise, but individual stocks once more provided a bit of life.

Metaleurop continued to benefit from speculation that Imetal, a leading shareholder, would sell part of its stake. It rose FFr9.70 to FFr266.30 for a two-day jump of 16 per cent.

Navigation Mixte resumed trading after its suspension on Wednesday for news of Paribas's full bid, and the price climbed FFr31 to FFr1,855. Swiss Re said that it had sold its stake of about 3 per cent in Mixte to Allianz, the West German insurance company. Meanwhile, Paribas announced that CIPBF, a Luxembourg holding company, had bought about 4 per cent of its capital, and it rose FFr9 to FFr615.

Construction stock GTM-Entrepose jumped FFr75 to FFr1,100, or 7 per cent. This was apparently a bounce-back from selling triggered in September by a downgrading of analysts' profit forecasts, and from worries over the price-fixing fines facing 80 building companies, *including* Jean-Lefebvre, in which GTM has a major holding.

The OMF 50 index edged up 3.31 to 493.46 and volume was estimated at FFr2bn or less, after FFr2.09bn on Wednesday.

ISTANBUL share prices surged 3.8 per cent as investors hoped for greater stability after Mr Turgut Ozal, former Prime Minister, took the oath of presidential office yesterday. The index rose 56.19 to 1,544.14.

AMSTERDAM was unsettled by disappointing results from Royal Dutch, which knocked it off an upward trajectory. But another good performance by Philips, and partial recovery by Royal Dutch, helped the CBS tendency index close 0.2 better at 178.6 in turnover of Fl 696m.

Royal Dutch ended 80 cents weaker at Fl 135.60, well up on its low of Fl 134.20, in line with London. It reported a 16 per cent fall in third-quarter net profits to £652m.

Philips went the other way, as the perceived benefits from the flotation of its Polygram subsidiary were enhanced by a "strong buy" recommendation from Crédit Suisse First Boston. Philips gained Fl 1.40 to Fl 49. It also announced a co-operation agreement with Motorola of the US to work on the compact disc interactive (cd-i), its multimedia product.

ZURICH opened in vivacious style, but closed only slightly higher as profit-taking set in. The Crédit Suisse index rose 2.7 to 599.1. Union Bank bearers gained SFr30 to SFr3,610 after the bank's chairman predicted another good performance in 1990.

MILAN edged higher in subdued trading, with the Comit index up 2.20 at 646.36. Speculative buying enlivened Ferruzzi group shares, with Ferruzzi Agricola up L53 at L2,380 and Ferruzzi Finanziaria rising L15 to L2,855. La Fondiaria, the Ferruzzi group insurer, however, lost L60 to L55,100 after official denials that Suez of France was in talks to acquire the company.

STOCKHOLM remained underpinned by ABB's strong interim results on Wednesday, but volume was a low SKr216m and the Affärsvärlden General index was up just 5 at 1,223.4.

OSLO edged higher in moderate trading. Kvaerner gained NKr13 to NKr158 after the defence ministry awarded a NKr2bn contract for nine mine-sweepers to a subsidiary.

COPENHAGEN recovered a little ground on news of a fall in the current account deficit and a firm bond market. The index rose 1.88 to 342.68.

MADRID was closed for a public holiday, but trading continued in Barcelona.

ASIA PACIFIC

Interest rate confusion leads to indecision

Tokyo

AN AIR of uncertainty hung over the market yesterday, as contrasting signals on the interest rate front combined with technical trading to move share prices indecisively up and down, *writes Michiyo Nakamoto in Tokyo*.

The Nikkei average closed the day up 61.83 at 35,657.42, after hitting a record high of 35,690.25 and a low for the day of 35,460.63. Gains only slightly led losses by 481 to 432 while 193 issues were unchanged.

Turnover was hardly changed at 855m shares, up from the 853m traded on Wednesday. The Topix index of all listed shares climbed 9.81 to 2,684.12 and, in London, the ISE/Nikkei 50 index rose 4.99 to 2,054.37.

There were three main moves on the day. In early trading, it was upwards, and the market appeared set to ride on the tail of Wednesday's strong rally. Then, after the Nikkei had breached its previous high, there was heavy profit-taking. Finally, arbitrage by foreign firms, on the last day of trading for options due in November, helped share prices rise later in the day.

As a background to this, signs of monetary easing in the US and a strengthening yen had encouraged the perception that interest rates were coming down. Yet short-term interest rates in Japan remained high. Meanwhile, Mr Satoshi Sumita, the Central Bank Governor, reiterated his commitment to checking inflationary pressures, leading once again to expectations of an increase in the official discount rate.

Short-term considerations, understandably, dominated investors' thinking. "Investors don't know what to buy because there is no story," said Mr Nicola Salatti at UBS Phillips and Drew.

They seemed to gravitate towards companies with special attractions, which might offer a quick profit. Toyobo, a leading textile maker, advanced Y55 to an all-time high of Y1,040, as rumours circulated that the company's shares were being bought by speculators. Toyobo finished up Y15 at Y1,000.

Companies with assets in land also featured, with Ishikawajima-Harima Heavy Industries posting a rise of Y60 to Y1,380. It was popular for its property along the Tokyo waterfront, which is to be developed, and topped the volumes list with 47.4m shares. Rumours were that Ishikawajima's shares were being bought by two real estate groups, seeking strategic stakes to obtain bargaining power in the land development project.

The company's plan to issue warrant bonds was cited as another reason for the recent boost to volume and share price, the implication being that the price was being supported before the event.

Towards the close, steels rose sharply on index-linked buying, apparently by foreign investors, in a market with few sellers. Nippon Steel firmed Y20 to Y741.

Osaka put in a better performance, with the OSE average up 171.93 at 36,653.37. Volume, however, slipped to 63m shares from 81m on Wednesday.

Roundup

BOTH Hong Kong and South Korea allowed themselves specific reasons to celebrate yesterday, while the rest of the region had less to say for itself.

HONG KONG, which only two months ago was falling on reports that Chinese leader Deng Xiaoping was ailing, yesterday leapt ahead on news that he was resigning.

The explanation seemed to be that investors welcomed Deng's swift replacement by Jiang Zemin, the Communist Party Secretary, who is a Deng protégé and is seen as a relative moderate. However, doubts were being expressed yesterday about whether Mr Jiang had enough of a power base to control the army.

The Hang Seng index climbed 50.37 to 2,781.44 in much better turnover worth HK$905m, compared with HK$678m on Wednesday.

SEOUL surged ahead on talk that the Government would introduce measures to boost the economy and that institutional investors had been told to buy shares. Active trading saw the the composite index jump 34.33, or nearly 4 per cent, to 907.21.

Bombay shares recovered from a three-day decline as curbs were imposed on eight particularly volatile stocks to stop excessive speculation before elections in two weeks' time.

AUSTRALIA closed weaker, the All Ordinaries index easing 8.0 to 1,650.4 as investors took their profits in golds and industrials.

The weakness extended to banks, where National Australia Bank led off the results season with record profits, up 47 per cent, and saw its shares fall 2 cents to A$8.70; Westpac lost 4 cents to A$4.98.

SINGAPORE remained quiet, although interest continued in some property stocks, notably Singapore Land, up 30 cents at S$14.90. The stock benefited from news that the G.B. Building was up for sale at S$1,400 per sq ft, which provoked speculation that the Standard Chartered Building might raise up to S$2,400. This would enhance the asset value of Singapore Land, which has the biggest exposure to office property in the Central Business District.

The Straits Times industrial index edged up 3.93 to 1,325.24 in low turnover of 44.5m shares, up from Wednesday's 38.1m.

SOUTH AFRICA

AFTER a surge at midday, as the bullion price firmed, Johannesburg gold shares closed mixed as the metal eased to about $387 an ounce.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of stocks per grouping	WEDNESDAY NOVEMBER 8 1989 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	TUESDAY NOVEMBER 7 1989 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1989 High	1989 Low	Year ago (approx)
Australia (85)	150.70	+0.9	140.83	127.60	+0.5	5.20	149.32	140.02	126.92	160.41	128.28	149.66
Austria (19)	132.00	+0.9	123.35	126.59	+0.9	1.92	130.77	122.63	125.41	172.22	92.84	97.02
Belgium (63)	137.34	−0.3	128.35	131.25	−0.3	4.22	137.70	129.13	131.58	144.49	125.56	131.80
Canada (122)	148.94	+0.3	139.18	126.18	+0.3	3.20	148.49	139.25	125.86	154.17	124.67	116.83
Denmark (36)	211.06	+0.3	197.24	205.10	+0.1	1.54	210.42	197.33	204.92	218.89	165.35	147.70
Finland (26)	125.39	−0.1	117.18	112.13	−0.2	2.51	125.48	117.67	112.34	159.18	123.12	125.82
France (127)	129.68	+0.8	121.18	127.19	+0.8	2.92	128.68	120.67	126.21	139.94	112.57	110.05
West Germany (96)	93.12	+0.5	87.02	89.34	+0.6	2.30	92.65	86.88	88.64	103.84	79.56	86.29
Hong Kong (48)	115.34	−0.4	107.79	115.68	−0.4	4.92	115.79	108.58	118.15	140.33	86.41	105.81
Ireland (17)	156.63	+0.3	146.37	153.15	+0.2	2.89	156.14	146.42	152.79	168.69	125.00	131.03
Italy (97)	87.06	−0.6	81.35	87.79	−0.5	2.60	87.54	82.09	88.20	96.73	74.97	85.92
Japan (455)	184.89	+0.5	172.78	167.30	+0.3	0.48	183.95	172.50	166.74	200.11	164.22	177.18
Malaysia (36)	194.02	+1.3	181.32	201.65	+1.3	2.63	191.50	179.58	199.13	209.22	143.35	141.78
Mexico (13)	291.39	+0.4	272.31	839.82	+0.7	0.82	290.11	272.05	834.20	326.61	153.32	166.23
Netherland (43)	124.26	+1.7	116.12	118.10	+1.8	4.49	122.18	114.58	116.05	131.72	110.63	109.70
New Zealand (18)	74.99	+0.2	70.07	67.63	+0.2	5.20	74.81	70.16	67.48	88.18	62.64	73.05
Norway (24)	172.92	+1.2	161.60	162.01	+1.0	1.60	170.93	160.29	160.44	198.39	139.92	123.18
Singapore (26)	155.22	+0.4	145.05	140.05	+0.3	2.11	154.54	144.92	139.69	170.62	124.57	122.28
South Africa (60)	166.67	+2.9	155.75	141.76	+0.8	3.98	162.05	151.96	140.57	166.67	115.35	117.15
Spain (43)	156.44	+0.3	146.18	137.83	+0.4	3.79	155.89	146.19	137.29	169.75	143.14	151.73
Sweden (35)	173.83	+1.1	162.45	164.95	+1.0	2.08	171.89	161.19	163.31	188.94	138.45	133.58
Switzerland (64)	85.93	+2.2	80.30	86.14	+2.2	2.19	84.07	78.64	84.31	94.18	67.81	85.20
United Kingdom (306)	143.22	+1.5	133.84	133.84	+1.2	4.55	141.09	132.31	132.31	158.41	133.28	137.20
USA (546)	137.41	+1.0	128.41	137.41	+1.0	3.36	136.05	127.58	136.05	146.29	112.13	111.64
Europe (996)	123.20	+1.0	115.13	118.87	+0.9	3.59	121.95	114.36	115.83	132.85	112.63	114.52
Nordic (121)	166.79	+0.7	155.86	153.34	+0.6	1.85	165.56	155.25	152.45	178.38	137.95	126.85
Pacific Basin (668)	180.84	+0.5	168.99	163.65	+0.3	0.73	179.92	168.72	163.11	194.72	160.44	173.19
Euro - Pacific (1664)	157.86	+0.7	147.52	144.94	+0.5	1.64	156.80	147.04	144.20	166.96	141.56	149.74
North America (668)	137.99	+1.0	128.96	136.71	+1.0	3.35	136.69	128.18	135.42	146.66	112.79	111.80
Europe Ex. UK (690)	110.19	+0.7	102.87	106.51	+0.7	2.90	109.44	102.63	105.76	118.51	96.30	100.24
Pacific Ex. Japan (213)	132.15	+0.5	123.49	118.16	+0.3	4.81	131.51	123.32	117.88	140.05	111.93	125.51
World Ex. US (1859)	157.71	+0.7	147.36	144.51	+0.5	1.71	156.65	146.90	143.79	166.35	141.49	146.28
World Ex. UK (2099)	150.05	+0.7	140.22	142.88	+0.6	2.02	148.98	139.71	142.01	156.04	136.98	133.84
World Ex. So. Af. (2345)	149.31	+0.8	139.53	142.02	+0.7	2.23	148.17	138.95	141.09	155.92	136.67	134.23
World Ex. Japan (1950)	132.62	+1.0	123.93	129.06	+0.9	3.50	131.33	123.18	127.92	140.43	114.51	113.46
The World Index (2405)	148.42	+0.8	139.63	142.01	+0.7	2.24	148.28	139.03	141.08	155.89	136.68	134.12

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Latest prices were unavailable for this edition.

Where international relations break down

By Michael Dixon

WOULD you go and paint your boss's house, for free, on a Sunday?

Being unable to hear readers' immediate reactions to the question, the Jobs column might as well take a guess at what they are. So here goes.

Those of you who are Swedish will most likely be appalled by the idea, and the British and Americans only a little less so. The Dutch and West Germans will be disconcerted by it too.

On the other hand, the suggestion will not seem outlandish if you are Italian. Spaniards will find it fairly reasonable, and Austrians still more so — despite the contrasting view of their German neighbours.

I make those guesses with the aid of David Wheatley of the Employment Conditions Abroad consultancy in London. He and an associate at Wharton Business School in the United States have spant years bestrewing questionnaires around the world to identify differences in national cultures.

With over 10,000 responses in their computer, they can now chart a lot of the points where folk of different nationalities typically find themselves at cross-purposes. The developing sketch-map is handy even for people fluent in foreign languages. Far from preventing mutual misunderstandings, a shared vocabulary often makes them the more dumbfounding.

Besides being handy, the effort is timely. (I won't say why. An executive from Digital's European headquarters lately told me it was amazing what the company's managers would now do at the mere mention of 1992. The reason is probably that they would do anything rather than listen to another word about it.)

Suffice it to say that from now on individual careers can only be hampered, and employing organisations' resources be wasted, by ignorance of how the rest of the world works.

Nevertheless the pointers provided by Mr Wheatley's research, which focus at a national level, are far from precise. For one thing cultures can change sharply within a few miles of the same land – as Lancastrians like myself and Yorkshire folk like Martians will both testify. For another, in any gronp sharing a culture, there will usually be a few individuals relatively lightly marked by it and a few dyed to the bone, with the bulk shaded somewhere between.

That explains the method used to measure differences, albeit on the national plane. When the replies of people of the same land to a particular question are plotted on a graph, the result is a bell-shaped curve. It takes off from the few least affected, goes up and down over the majority in the middle, then tapers off to the few st the other extreme. The score for each nation is struck, in terms of a percentage, at the highest point from which the bell would hang.

Devising a way of gauging culture is not the same thing as being able to say what it is. David Wheatley suspects that its root lies in the fact that there are many plausible answers to life's deepest questions. What marks one culture off from the next is that, in aach casa, its members have adopted some specific set of those answers so wholeheartedly that they have forgotten there were questions to be asked on the topics in the first place.

The signs

He thinks the variances show in three main contexts. One is the attitude of the society concerned to time. Second is their beliefs about the bases on whicb people relate to one another. The last is their notions of how humans fit in with nature.

Mr Wheatley told the recent conference of Britain's Institute of Personnel Management that the time context could be pictured by a food shop full of customers each wanting various items, first on the list being salami.

Those who are north Europeans or Americans would typically expect that, when it was their turn at the counter, the shopkeeper would serve them with all the things they wanted before attending to the next in line. But in Italy, for example, after cutting them the salami the shopkeeper would probably ask if anyone else wanted some and, if so, promptly cut theirs as well.

Morever, of thosa two attitudes to time, the Italian one is by far the more widespread throughout the world. The same applies to the two main patterns of belief about the bases on which people rightfully relate.

In the case of someone met for the purposes of work, the north Europeans and Americans usually view the relationship as primarily one between business associates, which always takes pride of place over any friendship that develops in its train. So with a deal in the balance, they tend to abhor any offer of gifts before it is signed as tantamount to corruption, although being happy to treat the other party to a slap-up dinner afterwards.

Most others in the world think the process works the opposite way. Their typical view is thst since it is untrustworthy to do business except with friends, the right course is to cement the friendship with hospitality before settling down to discuss the deal at all.

Precedence

Another gauge of beliefs about relationships is the value put on the interests of individual members of a group on the one hand, and on the other on those of the group as a whole. Here are the researchers' percentage measures of the extent to which different nationalities see the individual's interests as rightly taking precedence.

American	83
Swedish	78
Dutch	76
British	67
Portuguese	64
Irish	61
Austrian	60
Spanish	60
Italian	54
West Germans	51
Belgian	49
Greek	47
French	23
Japanese	23

The third main context in which cultural variances emerge is in notions about how humans fit in with nsture. The fundamental split is around the question whether nature is essentially malleable enabling people to adapt it to their wants, or adamantine requiring them to adapt themselves to it.

Here are the percentage measures of the degree to which the same nationalities think that the mountain can be made to travel to Mohammed, as distinct from mentally booking the ticket the other way round.

American	76
Portuguese	72
West Germans	72
Belgian	70
British	68
Greek	62
Swedish	61
French	60
Irish	58
Dutch	56
Spanish	53
Austrian	51
Italian	46
Japanese	44

As David Wheatley said wben he flashed up that ranking on the conference room's screen: "Is it any wonder, when you look at figures like those, that the Japanese seem to be the most culturally adaptable people in the world?"

Jonathan Wren Executive

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SEARCH AND SELECTION

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CORPORATE FINANCE

AGED 24-28

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CITY

A British merchant bank of the highest repute and with a history dating back over a century, requires an additional executive, as a consequence of increased activity in the UK and overseas markets.

You will work as part of a highly regarded team of professionals, which has acted in some of the most exciting and complex deals of recent times. The team, currently around 60 strong, provides timely, innovative and practical solutions and strategies on takeover bids, defences, all types of corporate restructuring and asset deals, in respect of both UK-based and overseas transactions. It acts for a diverse range of clients covering industrial, media-based and entrepreneurial companies, both domestic and international, plus brokers and other financial advisors and government bodies.

The bank's sphere of activities embraces banking and capital markets, investment management, securities and corporate finance, operating in the major financial centres in the Far East, Europe and the US. Worldwide, it employs over 2,500 people of whom 70% are London based.

To further your interest in this exceptional career opportunity, please write briefly enclosing a CV, or telephone Lucy Ayrton, Consultant – Banking and Finance Division, who is advising the client, in either case quoting reference 5400.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS
43 Eagle Street
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DOES YOUR INCOME REFLECT YOUR ABILITY?

If you are intelligent, ambitious with ability and are aged 25-35, you must be asking yourself if you're really getting the rewards and recognition you deserve?

With the M.I. Group your special talents won't go unnoticed. No previous experience is necessary.

You'll be given full training together with the kind of opportunities you're demanding. If you can match these qualities you could qualify to join one of the UK's top financial organisations. Simply phone for further details and talk to:

Andrew Peterson on 01-495 1447
(West End Office)

M.I. GROUP

DIRECTOR OF MARKETING & RESEARCH

IPE
INTERNATIONAL PETROLEUM EXCHANGE

London: £40,000 plus, with car + Benefits

The International Petroleum Exchange is one of London's youngest and fastest growing futures exchanges, which trades futures and options contracts in crude oil and petroleum products. It has established a consistent growth pattern and turnover is expected to double this year to 3.6 billion barrels.

This is a new appointment which is part of the Exchange's development. The appointee will report to the Chief Executive and be responsible for leading and coordinating the Exchange's marketing and research functions. Duties will include the development of the Exchange's marketing policy and strategy, the active marketing of its products, and management of the marketing and research budgets. The appointee will actively participate in the research into new products and the provision of research and marketing support to Exchange members and users.

Candidates, aged over 35, should have an established marketing record with oil industry experience and a knowledge of futures trading.

Personal applications only please to:
Peter Wildblood, Chief Executive, The International Petroleum Exchange of London Ltd., International House, 1 St. Katharine's Way, London E1 9UN. **All replies will be treated in the strictest confidence.**

YOUR CAREER?

Equity Warrants
c.£30,000+ and performance related bonus

Your background in options or swaps is needed for this leading house and their syndications desk.

Due to the first rate nature of our client, candidates must be a high grade Maths/quantitative graduate or an MBA, and have a minimum of two years experience in this field. You will be working on structuring deals in equity warrants and index-linked products.

Presentation and communication skills are also very important as you will be in contact with syndication members.

The right candidate will not find salary and bonus an obstacle.

Junior Marketeer
£20,000+ and benefits

Looking to use your credit skills in a marketing environment? This major international bank is expanding its UK marketing team and needs someone aged 23-27 with a solid credit training who has already moved into marketing, who has an understanding of client relationships and who is now ready to build upon this existing experience. This is an excellent opportunity to develop your career with a growing team.

For details of these vacancies and many other banking positions contact Richard Stark or Julie Byford on (01) 583 0073 (Day) or (01) 630 1644 (Evenings & Weekends). Or fax (01) 353 3908. 16-18 New Bridge Street, Blackfriars, London EC4V 6AU.

BADENOCH & CLARK
recruitment specialists

REAL ESTATE DEVELOPMENT

The UK subsidiary of a major Japanese Corporation is increasing its involvement in Real Estate Development business and wishes to appoint an experienced and motivated professional to join its team in Central London.

With an already active involvement in a wide range of Real Estate projects in the UK and Europe, the Company is now seeking the further expansion of its activities and the job holder's main areas of involvement will be:

- evaluation of potential investment opportunities
- project appraisal
- assistance with acquisition
- development management

Applicants, preferably age 25-30, should be able to demonstrate their knowledge and expertise of the property business and will preferably have some previous experience within some aspect of this business sector.

Please write to Box A1393, Financial Times, One Southwark Bridge, London SE1 9HL

COMMERZBANK

Commerzbank is seeking to enhance its existing Spot Foreign Exchange team by recruiting a Senior Dealer. The candidate, likely to be around 30 years of age, will be expected to participate both in intra day trading and in the formulation of strategic views in major currencies. The position will involve working closely within the existing group and requires a flexible approach consistent with the Bank's philosophy of emphasising profitability rather than turnover. A working knowledge of options and forward dealing would be a distinct advantage.

The Bank is offering a competitive remuneration package incorporating a performance related bonus and appropriate fringe benefits.

Please write with career details to Vanessa Lewiston, Personnel Manager, Commerzbank AG, 10-11 Austin Friars, London EC2N 2HE.

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...TIONS/INVESTMENT ANALYSIS

...ience in Strategic Management Consultancy or Corporate Finance

After about three years of Corporate Finance, Management Consultancy or Sectoral Analysis you may feel that your present position offers little opportunity to demonstrate strategic or entrepreneurial flare. Will you always advise rather than initiate? Can you participate as a principal in the situations revealed by your analysis?

Our client is a high growth quoted investment holding company based in central London. Capitalised at over £100m it is currently active in two main sectors, one with a manufacturing, the other a retail bias. Continued growth will come through the successful identification and evaluation of acquisitions both in the core businesses and in an as yet unidentified third field. It will also be important to analyse the company's current investments, with the view of maintaining returns presently well in excess of 20%.

You should be pragmatic. The qualities of your personality should be such that you will be attracted to the prospect of creating, developing and acting on your own ideas. A determination to contribute is essential.

Ideal experience could include about 3yrs in Strategic Management Consultancy, Corporate Finance or Sectoral Analysis. You should be skilled in pre-acquistion and advanced cash flow analysis techniques. To discuss in confidence please call Barry Harte. Alternatively write to, or fax him at:

Recruitment Matters
15 Great Eastern Street - London EC2A 3EJ
Fax 377 1801

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RESEARCH ACCOUNTANT

INVESTMENT ANALYSIS

As one of the premier integrated stockbrokers in the City, Hoare Govett can currently offer a unique opportunity for a young and ambitious graduate chartered accountant.

The role of research accountant is demanding and varied. It includes advice to analysts on technical accounting and taxation matters both domestic and international; responsibility for the maintenance and marketing of QUOTED UK, the Hoare Govett UK corporate sector model; and participation in value-added project work.

The environment is dynamic and challenging - strong communication and technical skills together with a flair for computer modelling are pre-requisites for the position. As an important member of a highly regarded team you will be expected to contribute fully to the continued success of Hoare Govett as a force in investment analysis.

To take up this outstanding career opportunity write to Carolyn Batters, Security Pacific Hoare Govett Group, Security Pacific House, No 4 Broadgate, London EC2M 7LE.

Security Pacific Hoare Govett

CJA

RECRUITMENT CONSULTANTS GROUP
3 London Wall Buildings, London Wall, London EC2M 5PJ
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Ideal opportunities for tough, aggressive results producers.
Prospects for considerably increased commission earnings – $100,000-$200,000 by end of third year

Dunn & Hargitt

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BASED BRUSSELS **$50,000-$75,000**

HEADQUARTERS OF EXPANDING INTERNATIONAL FINANCIAL SERVICES GROUP

We invite applications from proven sales individuals who must have had at least two years' experience in selling mutual funds, investments or real estate to wealthy international investors. This sales experience will have been gained in highly competitive markets using both well developed face-to-face presentation skills and sound telephone sales techniques. Successful candidates are likely to be university graduates or equivalent, aged 26-35, fluent in English and ideally with a second European language. They will report to the General Manager and be responsible for seeking out new clients internationally and be willing to travel anywhere to close a deal successfully. $2 million in new sales per year must be well within the selling capabilities of the individuals we employ. Initial commission earnings are likely to be in the range of $50,000-$75,000 with favourable tax structure. Interviews can be held in Brussels or London. Applications and CV in strict confidence to the General Manager:

DUNN & HARGITT WINCHESTER LIFE GROUP, C/O DUNN & HARGITT RESEARCH S.A.,
BOX 5, 6 AVENUE LLOYD GEORGE, B1050, BRUSSELS, BELGIUM. TEL: 02-640 32 80. FAX: 02-648 46 28.

Management Consultancy

If the demand for specialised skills on a short term basis seems to offer you scope to employ your commercial experience as a Consultant, what are the first steps you should take to assess the market and achieve business?

If your expansion as a small/medium sized Consultancy is well behind forecasted expansion within Europe, what can you do to join the ranks of the most successful?

The answers and the practical steps towards achieving business are to be found in the two day intensive programme run at selected centres throughout the United Kingdom.

Write or telephone for full details.

Salter Williams
Limited
BUSINESS DEVELOPMENT DIVISION
Brooke House, Market Square, Aylesbury, Bucks HP20 1SN.
0296-681801.

SMALLER COMPANIES SALESMEN
SMALLER COMPANIES ANALYSTS

Albert E Sharp & Co, one of the UK's leading USM/Smaller Company research specialists, is seeking to augment its successful smaller companies team through the appointment of an additional salesman and analyst.

Ideally candidates will be self-starters, under 30, with at least two years experience of either researching or marketing smaller market capitalisation stocks to institutional investors. Both positions involve regular contact with our existing, extensive client base in the sector and successful candidates will be expected to show initiative in developing both new clients and expanding our research coverage of the sector. There will also be some corporate finance involvement.

We operate out of office in Birmingham and London and whilst a Birmingham base is preferred, London will be considered for an exceptional candidate.

If your experience matches our requirements and you would like to join one of the UK's leading independent institutional stockbrokers and one which is committed to the further development of its already substantial presence in the smaller companies investment market, please write with a full CV to:-

Giles Sharp
Albert E Sharp & Co
Edmund House
12 Newhall Street
Birmingham B3 3ER

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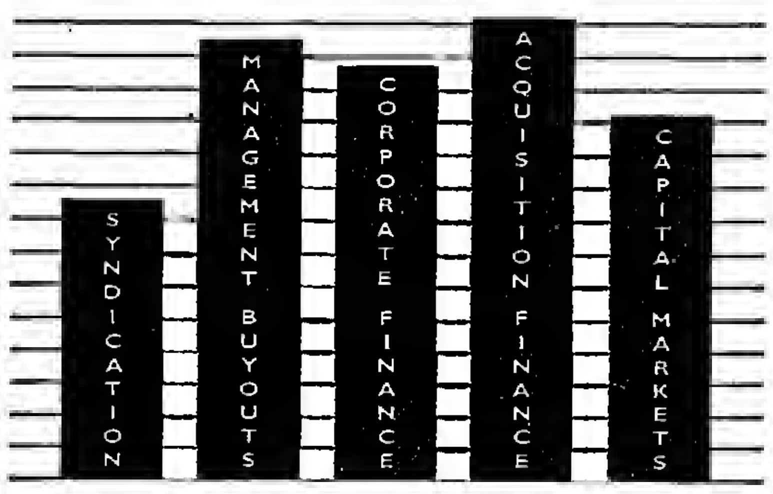
Structured Finance



Our client, a long established British Merchant Bank, is active in the above markets and is expanding its structured finance team with the addition of two key members.

Candidates will have gained substantial experience in at least one of the above areas, and enjoy working within an entrepreneurial team.

High profitability is reflected in salary and bonus structure.

Please reply quoting reference GSW.

Rochester Recruitment Ltd.
10th Floor, Garrard House,
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Fax: 01 796 4255
Eve: 0836 728 551

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AAA-rated City

The London Branch of BAYERISCHE LANDESBANK is recruiting a

Corporate Treasury Sales-Dealer

The right candidate will have the personality and ability to develop product sales activities with corporate clients within a small successful team and make an immediate impact.

Ideally, the successful candidate will be conversant with all treasury products and possess a *minimum of three years* experience in this sector.

We are offering good long-term prospects and a competitive, negotiable remuneration package.

Please reply with CV giving full details of career to:
The Personnel Manager, Bayerische Landesbank Girozentrale,
Bavaria House, 13/14 Appold Street, London, EC2A 2AA.

Bayerische Landesbank
Girozentrale

European Fund Management and Development

The Company

Globe Investment Trust P.L.C. the largest investment trust in the world, currently manages some £1.5bn through its quoted and unquoted investment trust activities. Its pension fund management subsidiary, Globe Morley Limited, manages funds in excess of £800m.

The Position

This new key appointment is being created to augment and develop its quoted activities throughout continental Europe. We are seeking a flexible, high calibre individual to assist Globe strengthen its presence in continental markets through quoted equity investments of all types.

Qualifications

This position would suit a graduate aged around 30. Experience and understanding at a high level of these markets and economies is important. The ability to work as part of a small UK/European Fund Management team is vital, as are communication skills.

An attractive and competitive package will be offered to the right candidate. Please reply in writing with full CV to:
John Crave, Globe Management Limited, Globe House, 4 Temple Place, London WC2R 3HP.

Globe Investment Trust P.L.C.

Challenging opportunity for

Investment Manager

North American Stockmarkets
Highly negotiable salary package
London

River & Mercantile Investment Management is an independent investment company specialising in the management of split capital investment trusts. Owing to rapid growth of the business and current expansion plans, a position has arisen for an individual with experience of the investment analysis and management of North American companies. The ideal candidate will ultimately assume full responsibility for the investment management and performance of the group's North American funds. The salary package is highly negotiable depending on age and experience. Please apply with full career details in confidence to: The Managing Director, River & Mercantile Investment Management Limited, 7 Lincoln's Inn Fields, London WC2A 3BP. Telephone 01-405 7722.

River&Mercantile
Investment Management
Limited

Negotiated Options and Warrants

£ Excellent + City Benefits

With an enviable reputation as one of the City's leading financial institutions, UBS Phillips & Drew is respected as being a major player in exchange traded equity *derivatives. Having ambitious plans to expand and develop into the OTC markets,* we are keen to recruit an individual with the proven capability to spearhead our effort in this area.

With good relevant experience of markets, you should be fully conversant in all aspects of negotiated options and warrants, understand the rules and controls *necessary for a profitable operation and have the foresight to anticipate market* trends. Numeracy and the ability to manage and develop a team are prerequisites.

In return we are offering a highly competitive salary which is unlikely to prove a bar to the right person plus a range of benefits normally associated with a *large international* bank.

Please write, enclosing an up-to-date C.V. including salary progression to: Lee Blackham, Director, UBS Phillips & Drew, 100 Liverpool Street, London, EC2M 2RH.

UBS Phillips & Drew

FLEMINGS

AUSTRALIAN EQUITIES

Flemings, a major investment bank with offices in all major financial centres throughout Europe, the Far East and Australasia, wishes to expand its London team of highly qualified equity sales people to service its UK and European clients.

Successful candidates will have specialised in Australasian equities but will also have ambition to expand their expertise within the growing equity markets of the Far East.

Candidates will be highly articulate, will ideally have a degree, substantial knowledge and interest in the Australasian markets and the ability to complement the expanding research product in these markets.

Applicants of either sex should write enclosing their C.V. to:

Frank Smith
ROBERT FLEMING & CO. LIMITED
25 Copthall Avenue, London EC2R 7DR

The University of Manchester

Appointment of Vice-Chancellor

The Vice-Chancellorship of the University will become vacant on October 1st 1990.

The Council of the University has established a Committee to recommend an appointment to the post. The Committee invites applications or enquiries from persons wishing to be considered for the Vice-Chancellorship.

Further details may be obtained by writing to the Chairman of Council, c/o The Registrar's Office, The University of Manchester, Oxford Road, Manchester, M13 9PL.

The University is an Equal Opportunities Employer.

ANALYSTS

Bored with the present market? Vacancies exist for one full time and two part time analysts who UNDERSTAND small companies, work quickly and communicate well. Possibility of editorial responsibilities and equity stake for right person.

Reply with CV, to
Box A1392,
Financial Times,
One Southwark Bridge,
LONDON. SE1 9HL.

FIXED INCOME SALESPERSON

We are looking for an energetic self-starter to join our small eurobond sales and trading team.

Our team is active in the secondary market and works with institutional investors to meet their needs in a variety of currencies and instruments.

The successful applicant will possess the following qualifications:-
Self-motivated and able immediately to contribute to the bottom line.
5 years experience in eurobond sales. Knowledge of FRN's and ECP in addition to fixed income experience a plus.
Language proficiency preferred but not essential.
Please send your C.V. to

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ASSOCIATE DIRECTOR
PERSONNEL AND ADMINISTRATION
PHILADELPHIA NATIONAL LIMITED
3 GRACECHURCH STREET
LONDON EC3V OAD

ASSISTANT MANAGER OPERATIONS

European bank seeks someone to supervise processing of FX Loans and Deposits. Thorough knowledge of FX settlements, and required. Since the bank intends to expand in FRAs and IREAs, current knowledge of these is essential. Age is immaterial, more important are good communication skills and a high level of commitment.
Salary: c. £20,000

Please tel: Shelagh Arneil on 01-583-1661 or send CV to her in confidence:
Angel International Recruitment,
50 Fleet Street, London EC4Y 1BE

Futures/Options Sales

Morgan Grenfell, a leading UK merchant banking and investment management group, is keen to expand its futures and options broking activities within its Treasury division. Consequently it seeks to recruit ambitious marketing/sales people with experience of servicing financial institutions and corporate clients.

The role will involve the generation and marketing of trading and hedging strategies on major financial futures and option exchanges. Successful candidates will already have created an established client base and have the ability to utilise the significant fundamental and technical research facilities employed within the Group's active trading areas.

Remuneration will be highly competitive with an excellent range of banking benefits.

Please contact, giving full details:
Neil Pengelly,
Morgan Grenfell & Co. Limited
23 Great Winchester Street,
London,
EC2P 2AX.
01-588 4545

MORGAN GRENFELL

INVESTMENT MANAGER

Small private investment company based in London requires an energetic and creative person to develop investment opportunities primarily in the shipping industry. The successful applicant will possess the following qualifications:

- Fluency in Swedish, English and possibly one other language
- Knowledge of the Swedish financial markets
- Qualification to degree level in a business related subject
- Good administrative and communication skills
- Some experience in shipping and property
- Age range 25 to 35

Applications in confidence, enclosing full C.V. to:

TIM LOWRY,
MARINE INVESTMENT MANAGEMENT
22/23 GAYFERE ST, LONDON, SW1 3HP

Commercial Banking

Corporate Lending Managers To £35,000

The corporate banking division of a major merchant bank is currently seeking marketing managers to lead and co-ordinate their commercial lending operations. Ideally, you will be aged between 25 and 35, educated to degree level and/or hold a relevant professional qualification. You should also have a minimum of three years' commercial lending experience coupled with extensive contacts and knowledge of the UK corporate sector, preferably in the UK middle market. A strong clearing bank background and/or credit training would be attractive.

Specialist Financing Manager To £35,000

A well-known international institution with a significant and growing presence in UK banking seeks candidates with experience of structuring transactions in the property and aerospace sectors. Ideal candidates will be aged between 28 and 35, graduates with strong credit skills and at least three years' experience of a wide range of project finance. A specialist understanding of property or aerospace would clearly be attractive. Successful applicants will benefit from excellent career development within a highly professional team and will enjoy an attractive salary package.

Interested applicants should contact Mark Hartshorne or Nick Bennett on 01-831 2000 or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

VENTURE CAPITAL - MANCHESTER

We are a high quality independent regional venture capital fund associated with Schroder Ventures and Rickett Mitchell & Partners. We have an opening for a qualified accountant with at least 5 years experience in corporate finance, venture capital or industrial management. Rewards will be substantial and will include a long term interest in the Fund's performance.

Candidates should have the personal qualities and experience to find and lead their own deals as well as providing support to the other partners in deal execution.

Reply with cv to Peter J Folkman, North of England Ventures Ltd, Cheshire House, 18-20 Booth Street, Manchester M2 4AN. Telephone 061-236-6600.

NORTH OF ENGLAND VENTURES

Copenhagen HandelsBank
London Branch

We are looking for two credit analysts to work in a small credit section which liaises closely with Marketing Offices, but reports independently to the Credit Committee. The successful candidate for the senior position will probably have four or more years' experience and be able to evaluate a wide range of credits, including large and small industrial and financial companies. The candidate for the other position may have less experience, but should also be very proficient. Candidates will, of course, be familiar with computer based spreading and financial projection techniques.

An attractive remuneration package is offered commensurate with your experience and skills.

Applications in writing, with CV, to The Personnel Manager, Copenhagen Handelsbank A/S, 18 Cannon Street, London EC4M 6GB.

INTERNATIONAL OPERATIONS
OUTSTANDING MANAGER OF CHANGE

City £ Neg

Our client is one of the world's most prestigious International Banks with a reputation built upon the quality of its products, people and state-of-the-art technology.

The challenge of remaining at the forefront of the international financial marketplace depends upon their ability to respond to increasingly sophisticated client needs and the introduction of support systems which ensure the highest level of customer service. This, combined with a focus upon efficient product delivery, has led to an opening for an outstanding manager to join their treasury/capital markets operations management team.

In addition to managing a transaction processing group, the successful candidate will be involved in the design and implementation of radical change programmes critical to meeting the future needs of the business. As such, this is an opportunity to take early responsibility and influence decision making at the highest level.

Candidates should have an operations management background within international banking or have relevant consulting experience. The successful candidate will ideally have worked with capital markets/treasury products but this is secondary to outstanding management skills and the ability to manage the introduction of change.

For further information please contact Gill Pembleton at:

WELL COURT ASSOCIATES
11 Well Court, London EC4M 9DN
Tel - 01 236 0723 Fax - 01 489 8305

WCA

Documentary Credits Manager
£30K + Benefits

We are seeking a Senior person to be responsible for the whole documentation process within this International Trading Co. Specific functions include ensuring all correct documentation is raised and workable in the context of the company's business and close liaison with bankers and the company's overseas offices, this will include occasional travel particularly to Switzerland and Romania. The company require a responsible and logical person with practical experience gained within a bank or trading company environment. Age ideally 35 plus.

Legal Officer Capital Markets
£40K + Banking Package

A respected International Bank require e qualified Lawyer with experience gained within the Cap Mkts documentation area of a bank or from the Corp Fin area of a legal firm. Specific areas of responsibility will include bonds/swaps/syndicated loans.

For further details of these positions please telephone Jackie Osborne on 588 6674

Zara Hay ASSOCIATES

EQUITIES

Demand for high quality individuals in the Equity Markets is high. We are currently representing a number of expanding 'Blue Chip' houses who require experienced individuals in the following areas:–

UK EQUITY SALES To £100,000+Bonus	To UK, European or Middle and Far Eastern clients. Competitive salary packages, with leading European houses.
EUROPEAN EQUITY SALES To £100,000	To, primarily, UK institutions. Our clients are interested in meeting high quality individuals with at least 3 years' experience of either European or UK equities.
JAPANESE EQUITY WARRANT SALES £Neg	Our client is a leading international securities house looking to expand its current Far Eastern exposure. Positions for quality team players are available in London, New York and Tokyo.
UK EQUITY RESEARCH £Neg	Our clients are all highly rated institutions who require experienced analysts in the following areas:- Property, Paper & Packaging, Financials, Banks, Brewers, Textiles, Leisure and Building.

We are seeing considerable growth in these and other areas. Should you wish to be kept informed of market developments, please contact Mike Brennan in our London Office.

The Rathbone Consultancy Ltd
Premier House, 77 Oxford St, London W1R 1RB, England. Tel: 439 1188/287 5704 Fax 494 0539
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01-935 5452 (24 hrs)

INTERNATIONAL APPOINTMENTS

The Common Fund for Commodities seeks Chief Finance Officer

The Common Fund for Commodities is a newly-eetablished Internetlonel finenciel Institution located in Amsterdem. The Fund, at present, has 104 Member States end Is finenced through cepltel subscriptions as well as through voluntary contributions.

The Chief Finance Office will, with direct reference to the Managing Director, be responsible for the handling end investment of the Fund's resources In accordance with finenclel reguletions to be established and for the development and maintenance of appropriete accounting procedures and practices.

Requirements: Advanced University degree or equivalent in finence/economics combined with en extensive beckground including menegerial experience in international banking and investments. Fluency in English. Working knowledge of other United Nations languages desirable.

Salary and benefits: The appointment offers e competitive tax-free salary and other benefits of International civil service including reallocation, cost-of-living adjustment, pension end insurence contributions and femily ellowences.

Letters of epplicetion in English including deteiled curriculum vitae and references should be received not leter than end of November 1989 end should be addressed to:

The Managing Director
Common Fund for Commodities
World Trade Center
Strawinskylaan 507
1077 XX Amsterdam
THE NETHERLANDS

PRIVATE CLIENT FUND MANAGER
a unique opportunity

Thornhill is a privately owned investment management company specialising in the discretionary management of private clients' portfolios.

Our steady growth pattern now calls for another experienced fund manager to join our team. First-class personal communication skills are essential and an interest in developing geographical responsibility would be advantageous.

This is an excellent opportunity for someone who will enjoy the environment of a smaller firm and welcome the opportunity of equity participation in due course.

Please call James Cave or Colin Chisholm on 01-251 6767

Thornhill Investment Management Limited
28 St. John's Square, London EC1M 4AE
A Member of the Financial Intermediaries, Managers and Brokers Regulatory Association

INTERNATIONAL APPOINTMENTS

A new chellenge for the 1990s.

Dresdner Bank Luxembourg S.A. has been established in Luxembourg for nearly 23 years and holds a leading position in the international lending, foreign exchange, securities end money markets in this flourishing European financial centre. Our Loan Syndication Department has operated with success in the

international lending

markets and is now looking for someone similarly eager to meet the challenges of the 1990s. The department's responsibilities encompass new international syndicated loans, secondary syndication, asset trading, financiel restructurings and project finance worldwide with corporate end sovereign clients.

We are seeking a dynamic, decisive personality willing to accept major project responsibility end to demonstrate the drive and innovation needed in en ever-changing market environment. We believe this would be an ideal challenge for a young graduate with a sound bank training and relevant further experience in international lending. We shall be looking for presentation skills, fluency in English (not necessarily as mother tongue) and good knowledge of German to be improved on the job. We offer attractive remuneration and will naturally give necessary assistence for relocation to Luxembourg.

Interested? If you believe you meet our criterie and would enjoy the challenge, we should like to discuss further details with you personally. In the first instance please send your written application with career details and photograph, marked "confidential", to our Personnel Department.

Dresdner Bank Luxembourg S.A.
26, rue du Marché-aux-Herbes,
P.O.Box 355
L-2097 Luxembourg

Dresdner Bank Luxembourg S.A.

HASBURG, FELDMAN S.A.
INTERNATIONAL FINE ART AUCTIONEERS

for the extension of their jewellery auctions worldwide
URGENTLY SEEK
"CHAMPION" JEWELLERY EXPERT

To reinforce its efforts at the highest business-getting level.

Apart from the obvious technical qualifications, we are looking for someone who will bring style and initiative to the task, based on demonstrable experience. Willingness to travel worldwide and ability to create a multinational client base essential.

Base of operations could be London, New York or Geneva.

Applicants should provide appropriate details covering past experience and present situation, linguistic skills, photo and any other information or ideas which will enable us to identify their potential.

Please reply to Francoise Boscat, HASBURG, FELDMAN S.A., case postale 125, 1213 - ONEX-GENEVE (Switzerland).

MERGERS AND ACQUISITIONS IN PUBLISHING

We are leaders in arranging mergers and acquisitions and investments in international publishing and communications. We wish to add a professional who is experienced in these areas to our London office to assist in our expansion in the U.K. and on the Continent.

The successful candidate should be fluent in French, will very likely be 30-35 years of age, and will have relevant training and background.

Please reply in confidence to Mrs. Kit van Tulleken, Managing Director:

The Pofcher Company
3 Grosvenor Studios
Eaton Terrace
London SW1W 8HB

Legal Appointments Appears Every Monday

For more information please call Elizabeth Arthur on 01-873 3351

ACCOUNTANCY COLUMN

The threat of negligence lawsuits looms

By David Waller, Accountancy Correspondent

IT IS some time since an accountancy firm faced a big negligence lawsuit, and nine months since Arthur Young paid out the final tranche of its £50m settlement over its role in the Johnson Matthey Bankers affair.

Yet the apparent lull gives accountants no excuse to be complacent: the scene is set for an upsurge of litigation.

For a start, the UK economy seems to be heading for a hard rather than a soft landing after years of vaulting growth. Already the evidence from the insolvency arms of the big firms suggests a pick-up in the number of business failures.

Those who have suffered loss will inevitably turn to the auditors for recompense.

There will be sensational discoveries of fraud – the effects of which were hidden in prosperous times but will now come to light as the economy contracts.

Given the expectation gap – between what auditors believe to be their statutory responsibility and what the public expects – more litigation is inevitable.

Another factor is that all chartered accountants authorised to practise as auditors under this year's Companies Act will be required to carry professional indemnity insurance from the beginning of 1990.

That will save individual accountants from bankruptcy, perhaps, but it draws public attention to the depths of firms' pockets and will probably serve to increase the total number of claims.

As a general consideration, the work that accountants perform is increasingly regulated by law rather than professional guideline. The Insolvency Act 1985, the Financial Services Act of the following year and this year's Companies Act, all impose legal constraints on accountants. The scope for damages litigation – based on deviations from the detail of the law – is enormous.

A timely reminder of the dangers facing the firms came last week in the form of the Likierman report on professional liability.

This long-awaited document states baldly: "The unlimited nature of auditors' liabilities means that each accountancy firm is exposed to the risk of obliteration."

The report, and the Government's response to it, will help to jolt professionals out of any creeping sense of complacency.

The report was commissioned by Lord Young, when secretary of State for Trade and Industry, in May last year under the general supervision of Professor Andrew Likierman at the London Business School. Lord Young's initiative followed several years of desperate lobbying by the accountants, kicked off by a petition from the so-called Heads of the Profession deputation to Mr Paul Channon – Lord Young's predecessor – in 1986.

Important points to emerge from the document are:

● Claims against auditors have been increasing both in number and size.

The reason for that is not, the report says, because of any deterioration in the quality of service provided by the firms, but because of a "widespread assumption that the audit report is a guarantee or warranty of the accuracy of the accounts and the soundness of the company, and the knowledge that the firms carry substantial professional indemnity insurance."

● Although auditors are unclear of what their precise legal obligations are and to whom (shareholders, directors, or users of accounts) the obligations are owed, they are certain of one *distressing fact.*

Unlike other professionals or accountants engaging in non-audit work, they have no way of capping their potential liabilities by negotiating contractual limits with their clients. Those liabilities might potentially "exceed the market capitalisation or the net tangible asset value of the company concerned."

● All types of accountants – from sole practitioners to the Big Eight – have faced great difficulties with professional indemnity insurance, but the nature of the difficulty differs with each category of auditor. Small to medium-sized firms were troubled by the rate at which insurance premiums rose – not surprisingly, given the report's finding that premiums more than trebled between the beginning of 1985 and mid 1986 (although they are on the way down now). Big firms, while facing similar pressure on rates, were more concerned about the availability of cover than rates.

Since 1987, the maximum amount covered has fallen to half the 1984 level, during a period when fee income – and presumably potential liabilities – has vaulted ahead. Moreover the big firms have found it impossible to buy coverage in the commercial market for each tier of liability. Although the big firms have got round the last difficulty by setting up two bodies (Professional Asset Liability Ltd and PADUA) to provide their own cover, the report points out that no insurance policy for accountants "will ever cover the cost of compensating for the gross liabilities of a large bank or the takeover value of a large public company".

Review

The report's two central recommendations are as follows:

● That the Government should review the law of joint and several liability, under which an accountancy firm can find itself shouldering 100 per cent of a bill for damages even if a court finds that it is only 10 per cent responsible for the circumstances that gave rise to the loss. The report acknowledges the broader implication of changing the law and suggests that the Law Commissioners should look at the issue in a wider context.

● The report, ruling out a statutory capping scheme such as is under review in Australia, recommends that auditors should be able to negotiate an upper limit to their liability, thus putting a contract to furnish an audit on the same footing as any other contract to provide services. Such an agreement, the report says, should be shown in the accounts and disclosed in the resolution appointing the auditor.

"This proposal would not necessarily eliminate the risk of obliteration through catastrophic claims, but it would give accountancy firms the ability to limit their liability contractually in the same way as others presently can," the report says.

The Government's response was muted, to say the least. It appears to be considering the possibility of referring the whole issue of joint and several liability to the Law Commissioners, but no firm decision is even on a review yet. The move to allow accountants to negotiate a cap to their liability was quashed at the report stage of the Companies Bill, a week before the report was published.

Mr John Redwood, Corporate Affairs Minister, employed strong language to put across his view that "auditors have to be held liable, that auditors owe a duty and there has to be a fair trial in the courts if there is any potential negligence. The sums involved may be large but only because the amounts that may be lost by relying on inaccurate accounts can also be large."

Although professionals may feel disgruntled that it has taken three years to achieve virtually nothing on this thorny subject, clients need not be too upset.

Paranoid auditors probably do more work than those unworried by the threat of litigation. The audit market is so competitive, especially at the upper end, that the costs of PI insurance of fighting lawsuits are probably not passed on to the client at all.

Professional Liability, HMSO, £14.95.

ACCOUNTANCY APPOINTMENTS

Moscow Narodny Bank Limited

A Challenging Audit Role
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£30,000 + Full Banking Benefits

Moscow Narodny Bank is a Soviet owned British Bank based in the City. Following the restructuring of its activities the Bank is actively pursuing a strategy aimed at enhancing profitability and market profile by diversifying into new markets and products.

This new position within the Bank will involve financial and operational audits with an involvement in problem solving and investigative exercises. It is a high profile role with exposure at all levels.

The successful applicant is likely to be a professionally qualified accountant with bank auditing experience and who can demonstrate technical competence, analytical skills coupled with the ability to communicate to financial and non-financial personnel.

The Bank can offer exposure to a diversity of business operations, accounting and information systems at this time of strategic change, coupled with excellent prospects for career development.

To apply, please send a comprehensive C.V. to Mrs. K. Cowling, Personnel Manager, Moscow Narodny Bank Ltd, 81 King William Street, London, EC4P 4JS.

Divisional Financial Director

London *to £50,000+benefits*

Our client is a newly-formed Division of a highly respected British foods group, which operates on a worldwide basis. With a turnover of £300 million, the Division plans further expansion through organic growth and acquisition.

As a new member of the Board, you will make a significant contribution to the development of the business in the UK and Europe. Working closely with the Managing Director, you will provide financial input for strategic decisions, appraise potential acquisitions and review divisional results. Key responsibilities will include rationalising the finance function at divisional and operating levels and developing strong financial control systems.

You will be a Qualified Accountant, in your mid thirties or above with impressive financial and management skills.

Experience will have been gained within a substantial blue-chip organisation with an emphasis on quality and commercial ability. You must have the drive and personal skills to make a positive impact in this challenging role.

Please send full personal and career details in strict confidence to Alison Lewis, Executive Selection Group, Deloitte Haskins & Sells, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5325/FT on both envelope and letter.

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EXECUTIVE SELECTION

Business Growth Creates New Opportunities

Reading

Prudential Corporate Pensions is acknowledged as one of the U.K.'s leading providers of company pension schemes. The Finance Division of Corporate Pensions employs over 60 staff and is responsible for providing a comprehensive financial management service.

Continuing expansion within this dynamic environment has created the need to develop new financial systems to meet future business needs. We therefore need high-calibre professionals for the following positions:

FINANCIAL ACCOUNTANT
c. £24,500p.a. + benefits

You will be responsible for producing timely and accurate monthly, quarterly and annual accounts, ensuring that all appropriate accounting standards are maintained. You will also be involved in reviewing financial controls and developing new procedures and systems to meet the changing needs of a successful business.

Our need is for a qualified Accountant (ACA or ACCA) with around 2 years post-qualification experience. You should have the proven ability to work with large computer systems and the skills to manage a team of five, to meet demanding standards and deadlines.

PROJECT ACCOUNTANT
c. £24,500p.a. + benefits

Your wide ranging brief will include major financial and systems related projects incorporating new accounting systems, business model developments and budgeting.

We are looking for a fully experienced professional who has been involved in the successful implementation of accounting systems. You should be results-oriented, and have the ability to enhance a high-calibre team.

FINANCIAL ANALYST
c. £22,000p.a. + benefits

The analysis and investigation of monthly and quarterly management accounts will be the prime focus of your role. You will produce a comprehensive report which highlights key variances and trends, you will also contribute to the development and implementation of new systems for forecasting and executive information.

A newly qualified accountant (CIMA or ACCA), you should have experience of financial analysis in a fast moving environment which uses major computer systems.

In addition to the salaries indicated, we offer a comprehensive range of valuable benefits including; low interest mortgage (after a qualifying period) and non-contributory pension scheme. Prospects for career development are excellent both within the Division at Reading, and throughout the Prudential Corporation.

Please write with a full c.v. to: Jackie Havercroft, Personnel Department, Prudential Corporate Pensions, Abbey Gardens, 55 Kings Road, Reading, Berkshire RG1 3AH or telephone for further information on Reading (0734) 578999.

We have an equal opportunities policy and are commited to making it work.

PRUDENTIAL
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FINANCE MANAGER

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Royal Mail Letters is a key division of the Post Office, contributing a major proportion of the Group's turnover of £3.9 billion and pre-tax profits of £169 million. Handling record volumes of mail – an increase over 12 months of more than one million letters per day – and keenly monitoring our service to our customers, we are geared up to maintain and enhance our performance in a competitive marketplace. To succeed, we clearly need a highly professional approach to financial management throughout the business. Consequently, we can offer a large-scale challenge to the Finance Manager we're now searching for – and similarly large-scale rewards.

Your brief is to take overall responsibility for managing the accounting systems of a regional unit of the Letters business, involving the control of a team of 40–50 staff. The unit has some 5,000 employees and an annual turnover of £70m, so your London-based role will be a highly visible one…calling for a rare combination of accountancy and management skills. No doubt you will be a CIPFA, CIMA or CICA qualified Accountant. We're equally looking for a motivational leader with foresight, organisation and drive. In return, you'll enjoy more than a negotiable salary – the benefits package includes a performance bonus, pension scheme and relocation assistance where appropriate.

To find out more, please forward your personal and career details (by November 24th) to Mr. A. Beard, Finance & Management Accountant, London Letters Territory, 148/166 Old Street, London EC1V 9HQ.

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CAMBERLEY £28,000 + car

Group Financial Controller

Progressive property services group offers a proactive and influential role which involves working closely with Directors in the control and development of the business. As part of the core management team and the most senior financial representative in the group, you will sit on subsidiary company boards and make significant contributions to strategic policy and major corporate decisions.

The excellent benefits package includes a top quality company car. Ref: 40A1210B3

Contact the Manager: 1 Cambridge Walk, Camberley 0276 22232
Fax: 0276 29085

SW LONDON c£27,500

Chief Accountant

This highly autonomous distribution company, part of a flourishing high-profile group, offers an attractive number 2 role with outstanding characteristics in terms of flexibility of approach and the pure quality of its finance function. Supervisory skills will undoubtedly be developed and the wide-ranging international links maintain variety in the work required. An excellent, comprehensive package of benefits will be negotiated. Ref: 342710A2

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This profitable and well regarded firm is consolidating its position as a successful medium sized practice. Significant expansion is projected in its recently agreed business strategy, which points to the requirement for an equivalent strengthening of the financial infrastructure.

Reporting to the most senior non-fee earner, this exacting new role will be accountable for delivering quality Management Information in the firm and for monitoring financial aspects of implementing the strategy.

Qualified accountants with intellectual force, high energy level and experience of improving MIS in a professional practice, should enquire further about this career move. Please send, in strict confidence, a comprehensive C.V., including details of current remuneration and a daytime telephone number to:–

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GROUP FINANCIAL CONTROLLER

ASSET BASED FINANCE

Manchester **c£35,000 + Car**

Our client, an exciting and innovative Leasing and Asset Finance Company, has enjoyed tremendous success since its incorporation, doubling growth and profits each year.

In order to maintain this outstanding rate of growth, the company now seeks to recruit a top flight Financial Controller to complement its senior management team.

Reporting directly to the Managing Director, the Controller will run the entire group finance function and manage 15 staff. The role will encompass all aspects of financial planning and analysis, timely preparation of management accounts and administering the group's portfolio of finance and leasing agreements.

A chartered accountant aged 28-40, you will have a minimum of 5 years' commercial experience and have a sound knowledge of lease accounting and the implications of S.S.A.P. 21. Good interpersonal and communication skills are essential.

The attractive base salary is supported by a comprehensive benefits package. Relocation expenses will be a negotiable addition.

Promotion to the main board is envisaged within the short term, and progression will be limited only by individual ability.

Interested applicants should telephone Jonathan Cohen on 01-437 0464 or write to him, encloising a detailed CV, at the address below.

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In order to further increase the firm's profile in this sector of the market the appointment will be made at the highest level. The position is exacting and autonomous involving court appearances as an expert witness and negotiation with insurance companies and the legal profession.

In return the role will provide the successful candidate with the scope to develop this area of the practice and achieve the personal goal of partnership.

Accountancy Personnel, 36 King St., Bristol, BS1 4DZ. Tel: 0272 298911

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Group Financial Controller

North West — **to £35,000 + Car + Options**

Our client is one of the North West's fastest growing quoted groups. Involved in the manufacture and distribution of consumer and other products to the retail sector, a planned expansion programme, including acquisitions and organic growth, will take turnover beyond £70m within six months.

A Group Financial Controller is now required to play a key role within the senior management team. The successful applicant will assume full day-to-day control of the group finance function, with particular emphasis on strict treasury management and control of financial reporting systems.

Candidates, aged between 27 and 32, should be qualified accountants, who can combine strong technical skills with well developed commercial acumen. They are likely to have gained experience in a line financial management role and possess the strong interpersonal skills and self motivation required to succeed in this highly challenging environment.

Interested applicants should forward their Curriculum Vitae, quoting Ref. 4499, to Mark Hurley BSc, ACMA, at Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
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Group Chief Accountant

Central London — **c£40,000 + Car**

Our client is a £2 billion turnover UK plc, operating internationally in a variety of high technology industrial sectors. Consistent organic growth and a programme of strategic acquisitions will continue to enhance the Group's market-leader position.

The position of Group Chief Accountant will carry responsibility for:

* Preparation of published accounts observing full regulatory compliance
* Preparation and interpretation of monthly Main Board reports
* Consolidation and review of forecasts and other projections
* Control of the Head Office accounts
* Involvement in the integration of acquisitions
* Maintaining close liaison with the Operating Division finance functions and the Central Tax and Treasury operations
* Leading and motivating a small central team.

Aged up to 40, the successful candidate will be a graduate Chartered Accountant who has detailed experience of the statutory reporting requirements of a large public group. Key personal attributes will include a high level of professionalism, well-developed leadership qualities and strong communication skills.

Interested applicants should forward a comprehensive Curriculum Vitae, quoting ref: 2645, to Alan Dickinson ACMA, Executive Division, Michael Page Finance, 39-41 Parker Street, London WC2B 5LH. Tel: 01-831 2000.

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MANAGEMENT ACCOUNTANT

Basic Salary up to £25,000
Oxford

Our client is a substantial major national organisation who are looking to fill a new senior position of Management Accountant.

Working within the Sales Department, the core responsibility is the provision of a financial and accounting service for the sales management team. This will include planning the budgetary cycle, monitoring costs and expenditure against those agreed budgets, examining credit control and pricing policies and incentives. Close liaison with the Central Finance Unit will be required.

The successful candidate will be a qualified proactive accountant who has experience of working within a commercial/sales environment — probably currently working within fmcg or service industries looking to develop a career in a forward looking environment.

Please apply in writing quoting reference number JJL/2733 to Jill Lye at Illingworth and Associates, Executive Search and Selection Consultants, The Courtyard, 24 High Street, Hungerford, Berkshire RG17 0NF. Tel: (0488) 83881. Fax: (0488)82147.

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MANAGEMENT CONSULTANTS

Financial Planning Manager

Innovative Marketing-Led Consumer Goods Company

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West of London

Our client, a highly profitable autonomously run UK susidiary, part of a major US corporation operating worldwide, successfully manufactures, distributes and markets a comprehensive range of quality branded consumer goods. Their commitment to product development, combined with an innovative marketing approach serves as an excellent basis for continued growth and profitability.

They are now seeking to appoint a Financial Planning Manager. Reporting directly to the UK Finance Director, and working closely with the Managing Director, your responsibilities will include:

* The management and motivation of a small team of qualified professionals
* Acting as the focal point, within finance, for senior sales, marketing and operational management
* Advising on the financial implications of a broad range of commercial decisions
* Enthusiastically promoting the role of finance throughout the company
* Anticipating and tackling key operational issues affecting profitability
* Short and medium term financial planning
* Ensuring the production of accurate monthly management information

For this key appointment candidates will be qualified accountants of the highest calibre, 30-35 years old, experienced in operating at the most senior level in a decision support role, preferably within a high volume marketing led environment. An open confident personality, a commercial professional approach, and an ability to build relationships at all levels are essential qualities needed to succeed in this challenging role. There are excellent career development opportunities throughout the group.

For further information and a confidential discussion contact John Bowman or Neil Wax on 01-387 5400 (evenings on 0474 874473/0923 819298) or write to us at Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN quoting reference 10106.

financial SELECTION SERVICES
Executive Selection Division

CORPORATE FINANCE

£27,000
Central London

Successfully competing across e diverse range of businesses and forging a reputation for quality, our Client, a prestigious Plc, has managed yet again to dramatically increase both turnover and profit.

In order to assist in channelling this growth a recently qualified Accountant is required. Working as a key member of a small team and reporting to the Head of Corporate Finance, the work is entirely project based and will embrace the critical evaluation of existing business units and tha analysis of potential acquisitions.

Candidates will be recently qualifieds with exposure to product or business evaluations and should have a high degree of self motivation.

Please apply directly to Richard Carter at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 08R. Telapbone: 01-836 3545, or evenings on 0344 885911. Alternatively, fax your details on 01-836 4942.

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FINANCIAL ANALYSIS MANAGER

Central London — **to £37,000 + bonus + car**

This recently formed division of a top British plc specialises in industrial distribution and stockholding. It has a strong international emphasis with over 60 companies throughout Britain, Europe and N. America and a turnover well in excess of £1BN. With a progressive entrepreneurial culture it has a record of rapid recent acquisitive growth and ambitious plans for future expansion.

The Manager – Financial Analysis will be a high profile member of the Head Office team, with a very commercially oriented brief. Reporting to the Divisional Head of Finance, the successful candidate will be responsible for budget and sales performance analysis, operational and strategic initiatives, intercompany comparisons, competitor studies, capital expenditure proposals and acquisition and disposal appraisals. This will entail a detailed understanding of the business activities of all the operational companies both in the UK and overseas.

Candidates aged in their 30's will be qualified accountants or possibly financial MBA's. They should have built up a track record of increasing responsibility, ideally in a substantial industrial organisation with international links. In addition to sound technical abilities and a natural business acumen, you should have solid analysis experience and an understanding of acquisition appraisal techniques. The role entails a high level of liaison with both UK and overseas companies and therefore requires well-honed communication skills, strong personal credibility and demonstrable self-confidence.

Please reply in confidence, giving concise career, personal and salary details to Paul Carvosso, quoting Ref. L466.

**Egor Executive Selection,
58 St. James's Street
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S.E. London

c£30,000 + Car + Share Options

Our client is a satellite communications company which supplies and installs Satellite Master Antenna Television (SMATV) equipment and cable systems.

It now seeks a Financial Controller to be responsible for setting up reporting and control systems including consolidated management information covering the UK and overseas and costing systems for estimating and controlling contracts.

Candidates will be qualified accountants aged 28-35 with a strong contract costing background and experience of operating computerised management information systems. There will be a significant commercial involvement as a key member of a small management team.

Please contact **D. E. Shribman** for further information, or write to him at the address below.

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Immediately available
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New Team, New Challenges

North-West Midlands c£25K + car

OUR CLIENT is a publicly quoted, brand leading manufacturing company with an international market and several overseas divisions. In order to strengthen their Group Finance function, they now wish to recruit the following professionals:

Group Internal Auditor

Your role will be to develop and manage the internal audit function of the UK and worldwide operations including manufacturing, wholesaling and retailing.

This position requires a Qualified Accountant with several years' auditing experience and a thorough understanding of the controls required in a large, complex, international organisation. A background in manufacturing is essential as is experience of multi-currency accounting and a willingness to travel worldwide.

Group Financial Analyst

A high calibre Financial Analyst, you will be looking for a career move and the opportunity to make a very positive impact on a company's future direction. This is a strategic planning role with responsibility for financial modelling, budgeting, forecasting, internal and external analysis, capital expenditure appraisal and monitoring.

As a highly self-motivated individual, you will have a degree in economics, mathematics or similar and a familiarity with analytical techniques. A professional accountancy qualification may also be appropriate. Experience of manufacturing business, an understanding of forex and multi-currency accounting are essential as is the ability to work under pressure.

Salaries as indicated will be offered, depending on qualifications and experience together with a fully expensed company car and relocation assistance where appropriate.

Opportunities for career development will only be limited by your own ambitions and potential in this large organisation.

Please send full cv and salary details which will be forwarded to our client unopened. Address to our Security Manager if listing companies to which it should not be sent. **Ref: M9202/FT, PA Consulting Group**, Advertising and Communications, Fountain Court, 68 Fountain Street, Manchester M2 2FE. Tel: 061-236 4531.

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مأخذ من الأصل

Financial Controller

Cheshire-based — *to £45,000 + benefits*

The National Grid Company will have a vital role to play in the future of the electricity supply industry following vesting in 1990. The hydro-electric pumped storage generating plant in Wales will represent an important part of National Grid's business. This challenging business area now requires the appointment of a Financial Controller based in Cheshire.

Reporting to the General Manager of the Pumped Storage Business, you will be the senior finance executive in the management team, providing financial input into a range of business areas including strategic planning. Specific responsibilities will include budgeting and financial planning, management and financial accounting, tax, treasury and systems.

You will be a qualified Accountant in your late thirties/early forties. Senior financial management experience, including statutory reporting, will have been gained in a comparable capital-intensive business. You will have excellent management and communication skills and will require a strong, highly-motivated character. You should also relish the challenge of establishing a new finance function in this major enterprise.

Please send full personal and career details in confidence to Christopher Evans, Executive Selection Group, Deloitte Haskins & Sells, PO Box 198, 26 Old Bailey, London EC4M 7PL, quoting reference 5327/FT on both envelope and letter.

Deloitte Haskins+Sells
EXECUTIVE SELECTION

Group Financial Controller
(Director Designate)

Expanding Service Group

c£35,000 + Car + Benefits

North West London

Our client, a dynamic international service group, and one of the leaders in its specialised field, has experienced major growth over the last few years both organically and by acquisition, with the presentation of the Queen's Award for Export Achievement the culmination of its recent successes.

With turnover now in excess of £10 million, they have ambitious plans for further developments and acquisitions, and are confidently heading towards a public flotation.

They now wish to appoint a qualified accountant (probably aged 28-33) to further strengthen the management team and to meet the challenges resulting from the expansion of the business. You will be responsible to the Managing Director for all aspects of financial control, accounting and reporting for the group and its subsidiaries. This will involve the enhancement of existing computerised systems, as well as the provision of meaningful and accurate management information to the Board, and full and detailed financial and business support to the entrepreneurial management of the operating divisions.

Above all, this demanding role will provide the opportunity for a commercially astute and highly-motivated individual to make an increasing contribution to key business decisions effecting the profitable expansion of the Group. Success in this area, combined with highly-developed interpersonal skills and a maturity of business judgement, will lead to a Board appointment in the near future.

Please write, in confidence, to Neil Wax, Consultant to the Company, with full career details, including current remuneration package or, ideally, phone him on 01-387 5400 (eves 0923 819298) for an initial discussion, quoting ref. 10103. Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN.

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Executive Selection Division

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A demanding appointment – scope to become Financial Director in 6-18 months

FINANCIAL CONTROLLER

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This vacancy calls for accountants qualified ACA, ACCA or ACMA, aged 32-40, who will have acquired at least 6 years' post qualification experience in commerce or industry and not less than 2 years' controlling an accounts team. A working knowledge of French will be a definite advantage. Sound practical experience in installing computerised accounting systems is important. The successful candidate will be responsible for controlling, through a small accounting team, the total accounting function producing meaningful monthly management accounts, forecasts, budgets etc. covering offices in 4 European locations. Up to 25% away travel will be necessary. The capacity to contribute significantly to the company's further profitable expansion is important. Initial salary negotiable, £35,000-£40,000. + profit sharing + car, contributory pension, BUPA, relocation expenses and settling in allowance. Applications in strict confidence under reference FC195/FT, to the Managing Director: ALPS

A senior appointment with a strong commercial bias and excellent career prospects

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To strengthen the expansion within this Division, we invite applications from qualified Accountants (ACA, CIMA, ACCA), aged 30-40, with at least 5 years' post-qualification experience in a sophisticated accounting environment, controlling accounting for major projects, ideally within the Information Technology, Construction or Contracting sectors. The management and motivation of a team is an important prerequisite. The successful candidate, reporting to the General Manager and working closely with the Finance Director, responsibilities will include the interpretation and analysis of financial data, providing financial and commercial advice on state-of-the art projects and developing systems for the control of resources and costs on these major projects. This is not a number-crunching role but a wide ranging business development and management position in a fast-moving environment, working with multi-disciplinary teams. Strong communication and liaison skills with a pro-active approach to problem solving is essential. Initial salary negotiable £25,000-£40,000 + car, contributory pension scheme, free life assurance, free private medical scheme. **Applications in strict confidence, either by telephone on 01-588 3027 (daytime) or 01-673 6783 (evenings/weekends) or in writing under reference FC194/FT, to the Managing Director: ALPS**

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.
ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT – PLEASE TELEPHONE 01-628 7539.

Group Financial Controller

Industrial Sector
Surrey/Hants Border, — ***£30,000, Car, Relocation***

This is an excellent opportunity to join the senior management team of a market-leading industrial organisation, a largely autonomous part of a major British PLC. The imminent introduction of new products is poised to provide significant additional growth in international markets over the next few years.

A qualified accountant, probably aged 28-40, you will lead a small team responsible for the co-ordination of the accounting and reporting functions of both the UK Company and overseas subsidiaries, including budgets and forecasts, performance analysis and systems development. Experience of multi-currency transactions and consolidations and the financial control of long term contracts would be a distinct advantage.

This is a pro-active role, charged with assisting the directors in implementing their longer term strategic objectives. Candidates will therefore need the strong technical, commercial and inter-personal skills required to make a real contribution to the Company's development plans. There will be some international travel of short term duration. The salary is negotiable to £30,000 and a car is provided. A comprehensive relocation package is available if necessary.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *G. Langley*, Hoggett Bowers plc, *George V Place, 4 Thames Avenue*, WINDSOR, *SL4 1QP*, 0753-850851, Fax: 0753-853339, *quoting Ref: W22008/FT.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

AVON

The cosmetics and toiletries business is worth $40bn worldwide. Avon Cosmetics has achieved its position as the worlds largest manufacturer in the sector, through its sales and marketing driven approach to business.

An International company with its head office base in the USA, the group is experiencing strong growth both in the core business and through new product ranges, such as pre-school toys, fashion accessories and lingerie.

Last year its worldwide sales exceeded $3bn, and in the UK, turnover is approaching £200m.

Avon's UK Headquarters, based in Northampton, is an impressive modern complex, centralising both manufacturing and administrative functions.

FINANCIAL SYSTEMS MANAGER

c £30,000 package +
F.E. Car + Full relocation assistance

This is a high profile key position for an ambitious accountant, probably aged 30 or under, keen to make their mark.

Entailing a complete review of the current financial systems a considerable amount of the successful applicants time will be spent liaising with end users, ensuring that their requirements are incorporated into new systems designs; and the subsequent full development and implementation of new, improved and fully integrated financial systems.

Inter-personal skills are therefore of great importance, together with some previous experience in the financial systems field.

A qualified accountant with broad commercial experience, if you can bring your systems development flair to Avon Cosmetics, they can offer long term career progression enabling you to develop your career to new heights. Promotion prospects will present themselves in around two years for a senior finance management position, or possibly in a more general role.

For further details of this unique opportunity, contact Peter Fitton at the company's recruitment advisors, Career Marketing Partnership, by telephoning or writing to him at:

CMP
CAREER MARKETING PARTNERSHIP
170 EDMUND STREET, BIRMINGHAM B3 2HB · TEL: 021-233 4224.

RECRUITMENT MANAGER

MAJOR UK TAX PRACTICE

Our client is a prestigious firm of Chartered Accountants, which seeks an experienced recruitment professional to manage recruitment and selection in its Tax Division.

This is a high-profile role, in which the key responsibilities will be to build strong relationships with consultancies, manage advertising assignments, conduct in-depth interviews and carry out selection skills training. It will also include advice on compensation levels, and organisation of the firm's overseas transfer programme.

We would like to hear from talented and ambitious men and women with a record of success in the recruitment of professional staff within a competitive market. Ideally, this will have been gained in the Accountancy and Financial Services market, preferably with a leading recruitment consultancy, or in the HR function of a progressive organisation.

This is an outstanding opportunity to build on your recruiting expertise and develop your career in Human Resource management. At this time of rapid growth, the firm offers excellent career prospects and a commitment to invest in training and development, which will include sponsorship to study for relevant professional qualifications.

For a confidential discussion about this appointment, please telephone Elisabeth Jordan on Windsor (0753) 857181, or write to her at Digby Moore Associates, Mountbatten House, Victoria Street, Windsor, Berkshire SL4 1HE. Fax: 0753 860696.

DIGBY MOORE ASSOCIATES
· SEARCH · SELECTION ·

Capital Markets Accountant

£28,000 + Car + Banking Benefits

This major US Investment House with offices based around the world seeks a Newly Qualified Accountant to work in the Capital Markets Division. Reporting to the Market Controller and overseeing a small team, your task will be to provide London and New York with comprehensive information on the performance of London trading activities.

Principle responsibilities will include:

- Ensuring adequate finance controls for London trading
- Investigation of operating costs in London Money Markets
- Production of management accounts for London and New York
- Supervision, development and appraisal of staff

In addition to ACA/ACCA qualification the successful candidate will have a sound academic record together with proven analytical and communication skills. This is an excellent opportunity for a young, career orientated individual to work in a pressurised environment and develop within one of the most respected and recognised forces in the City.

For further information please telephone or send your CV to Valerie Grassham or Tony Leggett at Joslin Rowe Associates (Financial Recruitment Consultants), Bell Court House, 11 Blomfield Street, London EC2M 7AY.
Tel: 01-588 7287.
Fax: 01-382 9417.

JOSLIN ROWE *Accountancy*

Taxation Advisor
International Company

West End — **c£32,000 + Exec. Bens.**

A unique opportunity exists for a young qualified person with a minimum of 2 years' corporate tax experience to play a proactive role in the tax affairs of a major European organisation. The company has achieved excellent growth in the last 5 years and enjoys an enviable position in its field.

Its tax affairs cover a number of both complex and interesting areas and the position offers a great challenge to a young, aspiring, tax specialist to gain excellent commercial exposure at a management level.

The successful candidate for this newly created position reporting to the Head of Tax, will have one of the following career profiles:

- Be currently with the tax department of a commercial organisation;
- Be a supervisor/assistant manager within a firm of accountants/tax advisors;
- Be a young, qualified Inspector of Taxes.

The ability to communicate clearly and adapt to a dynamic business environment are essential elements of this key position. The successful candidate must also possess the potential for future growth either within taxation or general management.

For further information regarding this exceptional opportunity, contact Graham King on 01-831 2000 (evenings/weekends on 01-556 6920) or write to him at Michael Page Taxation, 39-41 Parker Street, London WC2B 5LH.

In the first instance, interested parties will receive a detailed job description and company information pack. Strictest confidentiality assured.

Michael Page Taxation
International Recruitment Consultants

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CORPORATE FINANCE

UK Merchant Bank
From £27,000 + Car + Banking Benefits
Opportunities exist for both highly qualified ACAs and experienced corporate financiers within this renowned UK merchant bank. You will be exposed to a full range of corporate finance activities, including rights issues, full listings, divestments and M&A. You should have an excellent track record with a desire to succeed in a competitive market.

International Team
From £28,000 + Banking Benefits
This leading UK merchant bank with established expertise in cross-border transactions, is seeking a confident, enthusiastic ACA for its international M&A team. You will assist in identifying potential acquisition targets, carry out research and market innovative ideas to potential clients. You must have a strong academic background and european language skills.

Venture Capital
From £29,000 + Bonus
A unique and exciting opportunity exists within this start-up venture capital situation. This small yet high quality team is seeking two bright ACAs who will assist in analysing investment proposals and in completing deals for clients. You must have two years post-qualification investigations or related experience.

For further details of these and other Corporate Finance positions, please contact Katharina Seymour on 01-583 0073 (day) or 01-769 0062 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

COMMERCE & INDUSTRY

PA to Finance Director – W. End
£30,000 + share option
Play a major role in the expansion of this prestigious development company involved with historical properties. A dynamic, high calibre ACA is required to participate in all financial decision-making issues and to act as negotiator on the company's behalf. Excellent prospects exist in this large organisation. Aged to 30. Ref C398.

Blue Chip – Central London
c.£26,000 + Benefits
This prestigious oil and energy multinational acquires a high calibre ACA who can progress in an environment of continual change and challenge. Project responsibilities add to a diverse workload encompassing acquisitions and divestments, financial analytical reviews and a shareholder buyout within the recent period. Prospects are first class! Age range 24-28. Ref C056.

Financial Controller, Media – W1
c.£25,000 + car
With plans for significant expansion by acquisition well underway, our client is looking for a bright, young ACA with some commercial exposure to set up a new finance function. The brief will cover financial control, acquisitions, investigations and staff recruitment. Promotion to the board is envisaged as the next step. Ref C374.

For further details of these and other Commerce & Industry positions please contact Jayne Smith on 01-583 0073 (day) or 01-542 8968 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

MANAGEMENT CONSULTANCY

Retail Strategy – W1
To £50,000 + Car
Prestigious strategic consultancy seeks high calibre individuals with the ability and determination to succeed in this competitive environment. Applicants should possess an MBA from a first-class business school, be accomplished linguists and be able to demonstrate a track record of success managing the organisation and operations of a dynamic commercial enterprise.

Treasury Consultancy – City
To £45,000 + Car + Bens
We are seeking dynamic and ambitious Corporate Treasurers to join this high-profile team, based within a prestigious international consultancy firm. Advising on a variety of treasury issues to a broad cross-section of commercial clients, there will be an increasingly international flavour as 1992 approaches. You should have at least three year's corporate treasury experience and be enthusiastic and committed.

Newly Qualified – Management Consultancy – City
£25,000
International Management Consultancy arm of Big "7" Accountancy firm wishes to meet high-flying newly/recently qualifieds. As part of a multi-disciplinary team, consultants will be involved in varied client assignments for both the private and public sector. Applicants should have exemplary academic records and be looking for fast track promotion.

For further details of these and other positions in *Management Consultancy*, please contact Louise Barlow on 01-583 0073 (day) or 01-673 7175 (evenings and weekends). 16-18 New Bridge Street, London EC4V 6AU. Fax. (01) 353 3908.

BADENOCH & CLARK
recruitment specialists

INTERNAL AUDIT MANAGER
BRACKNELL C.£28,000

Clifford Foods plc is a listed company in the food industry with operations in Bracknell, Oxford and Swansea, and a retail branch network in Berkshire and Oxfordshire. Due to internal promotion we now seek to recruit a new Group Internal Audit Manager, to be based at Bracknell.

Your role as manager of a small internal audit department will be to investigate new and existing systems and procedures with a view to improving efficiency, control and profitability.

You are likely to be a qualified accountant and to have an auditing background with exposure to large companies and computerised systems. Additionally you should possess initiative and good communication and man-management skills. Benefits include a salary of circa £28,000 and a fully expensed car.
Please write with full C.V. to:

Mr. T. Garratt Personnel Manager
Clifford Foods plc, Western Road
BRACKNELL Berkshire
RG12 1QA

FINANCIAL CONTROLLER
Management of Change

City

£40,000 + Car

Our client is part of an international Financial Services group widely regarded as the leading business in its field. In order to meet the demand for improved financial management, they seek to strengthen their existing team with the appointment of a Financial Controller.

Reporting to the Finance Director, you will develop and implement a comprehensive financial planning process, design financial/management accounting and reporting procedures and improve control and reporting on treasury, foreign exchange and funds flow activity. Additionally, you will be expected to contribute to the achievement of financial objectives by the establishment of performance ratios and criteria and an enhanced control over company balance sheets.

Aged 30+ you will be a qualified accountant with a record of significant achievement to date. The ability to communicate effectively, as well as assume responsibility quickly in a challenging environment, is important.

To apply, please write enclosing a full CV and salary history to:
Jeremy Lancaster,

a division of PROBE MANAGEMENT plc

PROBE EXECUTIVE SELECTION
15 Artillery Passage, Bishopsgate, London E1 7DL.

Finance Director And Company Secretary

Engineering
West Yorkshire,
c £25,000, Bonus, Car

This subsidiary of a Blue Chip Plc involved in specialist engineering design and production now have an opportunity to add strength at Director level. Reporting to the Managing Director you will be responsible for the full statutory accounts, treasury, management information, material control and computerisation in addition to providing significant input to the company strategy.
Aged 30 plus, ACA/FCA qualified you will possess a broad range of Financial Management Costing and Commercial skills, including first hand experience of engineering and manufacturing in a UK and export environment.
We are seeking a highly self motivated 'hands on' manager capable of being involved in all levels of the business.
The benefits in the form of salary and bonus potential are attractive. A full relocation package is available.

J. Bewley, Ref: L20064/FT. Male or female candidates should telephone in confidence for a Personal History Form, 0742-731241, Fax: 0742-731331, **Hoggett Bowers plc,** *Bank House, 100 Queen Street,* **SHEFFIELD,** *S1 2DW.*

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR
A Member of Blue Arrow plc

Hall & Tawse Western Limited RAINE INDUSTRIES

FINANCIAL DIRECTOR
c. £32,000+Car+Bonus **Stourbridge**

Hall & Tawse Western Limited is a £30 million plus turnover construction company based in Stourbridge and operating from four area offices at Stourbridge, Redditch, Stoke-on-Trent and Cheltenham.

An opportunity has arisen for a qualified, commercially aware, self-motivated individual to be appointed Financial Director. As a senior decision making member of the Board, your brief will be to co-ordinate, plan and direct the financial management of the company, to maximise its contributions to business development, operational control and profit performance.

The successful candidate will have polished communication skills and the proven ability to manage, motivate and direct staff. Construction industry experience will be a significant advantage and it is considered that anyone under the age of 35 will be unlikely to have the necessary level of experience.

Our client is a subsidiary company of the successful £60 million plus turnover Hall & Tawse Group whose main operations include construction, design and build, specialist works, housing partnership and property development—and which in turn operates as the Construction Division of Raine Industries plc.

For a position of this nature, the company offers a salary package destined to grow in line with the continuing development of the business.

To apply, please write with full C.V. and salary details, quoting reference B/234/89 to Margaret-Anne Stocker.

KPMG Peat Marwick McLintock
Executive Selection
Peat House, 2 Cornwall Street, Birmingham B3 2DL

Corporate Reconstruction and Insolvency Managers — London and St. Albans

The Price Waterhouse Corporate Reconstruction and Insolvency team in the South East is eager to recruit more professional staff at manager level. We are determined to maintain the recent growth of our business in the South East which in addition to London includes departments in St. Albans, Redhill and Southampton.

Our success has been based on expert and constructive advice to companies in difficult business situations, concentrating on monitoring and assisting them to return to financial viability. We are also active in fraud investigations and other similarly demanding situations.

You, as an experienced professional in this specialist field, will already have developed communication and management skills as well as a strong commercial awareness. You may feel that your present role is no longer challenging you or provides little prospect for your personal and professional development.

If so, consider what you could gain from joining Price Waterhouse.

We can offer you comprehensive continuing training in all the skills you need as you progress, the stimulus of working with other likeminded professionals expert in their field, excellent career prospects and, above all, the quality of experience on which to base your future career development. We will provide relocation assistance where appropriate, along with an excellent salary, car, pension scheme and health care plan.

To find out more about your prospects with Price Waterhouse, call or write to:

Mike Jennings
Price Waterhouse
Southwark Towers
32 London Bridge Street
London SE1 9SY.
Tel: 01-407 8989.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND · THE CHANNEL ISLANDS AND THE ISLE OF MAN

HIEF ACCOUNTANT
Cambridgeshire **To £27,000 + car**

This Division of a major public company is already one of Britain's leading publishers of national magazines. Turnover last year was £60 million, and it has consistently achieved significant profit increases based on acquisition and organic growth.

The Chief Accountant's principal responsibility will be to provide an effective service to both the Division and its component companies. This will include management of the finance team, and the preparation and consolidation of management information leading to the production of financial and statutory accounts.

There is also potential for *ad hoc* projects, mainly related to acquisitions.

This new opportunity will appeal to a Chartered or Certified Accountant who has a degree and up to two years' post-qualification experience, preferably in an operating environment. The successful applicant will also combine an enthusiastic yet disciplined approach with strong leadership and communication skills.

The position is based in an attractive, easily accessible location, with affordable housing and many leisure activities. The company offers a competitive salary, together with a comprehensive benefits package including a company car, a generous pension scheme and savings plan, and private medical insurance. Assistance with relocation is also available if necessary.

For an informal discussion, please call Elisabeth Jordan on Windsor (0753) 857181, or send your career details to her at Digby Moore Associates, Mountbatten House, Victoria Street, Windsor, Berkshire SL4 1HE. Fax (0753) 860696.

DIGBY MOORE ASSOCIATES
· SEARCH · SELECTION ·

Financial Director

£25k plus + Car + Equity

Rural West Midlands

With 3 sites in the UK, this small but thriving engineering group has a turnover of around £2 million which is increasing rapidly.

Based at the company's headquarters in rural West Midlands, the Financial Director will be fully responsible for every aspect of accountancy and the financial management of the Group and will be heavily involved in the preparation and implementation of short and long term business plans.

Aged 30/45 and fully qualified (ideally ACA), applicants must be experienced Company Accountants with a successful record of financial management in an engineering environment. Commercial acumen and sound man-management skills are essential together with the ability to work under pressure and to react quickly to ever-changing priorities.

This high profile role within a rapidly developing and ambitious Group carries a salary negotiable in excess of £25,000 plus comprehensive benefits including car, private health care and equity participation after a qualifying period. Relocation assistance is available where appropriate.

Please contact Elizabeth Brassington, LINK Management Selection, Phoenix House, 1/3 Newhall Street, Birmingham B3 3NH. Tel: 021 233 2827.

LINK

FINANCE DIRECTOR — SOUTH MIDLANDS

Age to 35 | **Package to £50,000 + car**

Our client is an operating company within a UK group. The group is a subsidiary of a well-known British company, which in turn is a wholly owned subsidiary of a major American corporation.

The company, which has a turnover of approximately £200 million, is a UK market leader in the provision of networked distributive services.

As a result of internal promotion, and the relocation of the company's headquarters to the South Midlands, the company now seeks to appoint a Finance Director. The position reports directly to the Managing Director, and is supported by a small team. In addition to functional responsibility for the Regional Controllers based within the network, the position requires a close working relationship with Operational and Commercial management.

Your 'top line' of responsibility will be for profit and capital employed, and other responsibilities will include:

- The flow of all financial information to the group
- The establishment of policies on stock control and debtor days
- The involvement with the maintenance and development of computer systems within the company
- The control of capital expenditure
- The review of potential acquisitions.

You will be a graduate, qualified accountant, highly credible and self motivated with a strong commercial outlook, who can demonstrate previous profit-line responsibility ideally, but not essentially, in retail, distribution or a similar industry.

Interested individuals who fit the above criteria, should write, enclosing a current resumé together with salary details to Peter Flammiger, Director at FMS, 14 Cork Street, London W1X 1PE.

F M S
Search and Selection Specialists for Financial Management

Financial Accountant

INTERNATIONAL TRADE & FINANCE

Pannell Hetherington

CITY: £25,000 + CAR

My client specialises in International Trade Finance, Procurement and Joint Venture Management. As part of a UK based multi-national the growth and diversification of the business has led to the need to strengthen the management team by the appointment of a Financial Accountant.

You will have responsibility for a small staff and the production of all accounting and financial information from the London and overseas operating areas including Group tax and consolidations.

This is a highly demanding hands-on role at the centre of a developing business that would suit a recently qualified Chartered Accountant who has either got international and/or general management aspirations. Alternatively you may be in your early thirties with long-term career goals. Some overseas travel will be involved.

In the first instance please write enclosing a full CV to Ian R Hetherington, advisor to the company, at:

Pannell Hetherington Ltd.,
779 – 781 Finchley Road, London NW11 8DN
Fax: 01 458 7344 or Telephone (078 087) 496.

FINANCIAL DIRECTOR DESIGNATE/COMPANY SECRETARY

GLASGOW
negotiable package

Our clients are a long established trading group with companies currently active in the electrical wholesale distribution and gaming and leisure machines sector. The management is currently seeking profitable areas of diversification and expansion.

They require a mature and ambitious chartered accountant, not only with the qualifications and experience to run the financial functions of the group efficiently, but also having the flair and commitment to contribute significantly to the strategic planning necessary for the future development of the group.

He/she must have experience at a senior supervisory level in a commercial or industrial environment and must have a "hands on" knowledge of strategic planning and investment appraisal techniques. It is anticipated that the candidate will be aged mid-thirties to mid-forties.

This is a unique opportunity to contribute at board level in a dynamic privately owned group. Therefore an excellent remuneration package and future equity participation are on offer to the right candidate.

Should you be seeking a new challenge please write enclosing a full curriculum vitae to the Executive Recruitment Section of

McLACHLAN & BROWN
Chartered Accountants
JAMES SELLARS HOUSE,
144 WEST GEORGE STREET, GLASGOW G2 2HG.
TELEPHONE: 041-331 2811.

Group Company Secretary

Major UK Merchant Bank

c.£70,000 package | City

Rare opportunity for top performer to take up a visible, influential role in the UK financial services sector.

THE COMPANY
◇ Leading, publicly quoted, UK merchant bank.
◇ International organisation well placed to continue its growth in the UK and worldwide.

THE POSITION
◇ Full responsibility to a Group Board Director as Secretary to the Group Board and Group Management Committee.
◇ Providing company secretarial services to the Group through the management of an established team.
◇ Key position in the monitoring of investor relations and share performance.

QUALIFICATIONS
◇ Experienced Company Secretary, preferably with legal background, experience within a major institution in the financial services sector.
◇ Capacity to operate effectively within a complex environment demanding full understanding of public company governance including legal and insurance, Stock Exchange regulations and employee share ownership schemes.
◇ Aged 35-40, with a proven track record of active contribution to the management of a major, ideally international public company.

THE REWARDS
◇ Excellent package to include a high base salary with full banking benefits.

Please reply in writing, enclosing full cv,
Reference H4349
54 Jermyn Street, London SW1Y 6LX.

N·B SELECTION LTD
LONDON · 01-493 3383
BIRMINGHAM · 021-233 4656 · GLASGOW · 041-204 4334
SLOUGH · 0753 694844 · HONG KONG · (HK) 5 217133

Group Taxation Manager

Major Industrial Company

c.£40,000 + excellent package | Central Scotland

Well established UK plc with major international interests seeks a highly qualified, ambitious Chartered Accountant to develop its Group Tax Planning function.

THE COMPANY
◇ International group of companies in the industrial services sector, headquartered in Scotland.
◇ Long established with excellent reputation for quality.
◇ Medium sized plc, profits £50m plus, with good record of growth.

THE POSITION
◇ Responsible for strategic tax planning at international level.
◇ Reporting to Finance Director. Small, highly professional team.
◇ Further develop centralized tax department, close liaison with international subsidiaries.

QUALIFICATIONS
◇ Graduate Chartered Accountant; ATII, ideally aged 35-45.
◇ Experience of group tax planning, gained in the profession or industry; strong international bias.
◇ Bright, creative, analytical, with good communication skills. Prepared to travel.

THE REWARDS
◇ Excellent salary and benefits package; good bonus opportunities and share options. BMW.
◇ Challenge of developing key tax function.

Please reply in writing, enclosing full cv,
Reference GH4451,
78 St. Vincent Street, Glasgow G2 5UB,

N·B SELECTION LTD
GLASGOW · 041 204 4334
LONDON · 01-493 3383 · BIRMINGHAM · 021 233 4656
SLOUGH · 0753 694844 · HONG KONG · (HK) 5 217133

FINANCIAL CONTROLLER

2W.C.2. | **c. £300,000 + Car**

Our client is the rapidly expanding subsidiary of an Italian company. They are suppliers of high quality office system furniture.

They are seeking to recruit a Financial Controller, reporting to the Managing Director, who will manage the financial, distribution, and administration functions.

The successful applicant will be a computer literate qualified accountant, probably with some experience in industry/commerce,a who possesses strong interpersonal skills, and has the ability to manage a young dynamic team. Working closely with the Managing Director, you will be commercially aware, and expected to contribute to the development of the company.

A knowledge of Italian would be an advantage.

Please send your C.V. with salary history to Chris Carr, Fraser & Russell, Corporate Development Services, 4 London Wall Buildings, Blomfield Street, London, EC2M 5NT.

Fraser & Russell

FINANCIAL DIRECTOR NORTH OF ENGLAND

Our client is a subsidiary of a Multi-National Market Leader operating within the packaging sector. A major reconstruction of the business is underway as a result of which the need for an Experienced Financial Director has been identified.

Reporting to the Managing Director, you will have strong leadership skills and the capacity for pragmatic thinking in an environment of rapid change. Located in the North of England, you will be responsible for the financial management of the business. Preference will be given to those applicants with a proven "Bottom Line" financial track record at the senior executive level.

If you can demonstrate the skills necessary to be part of a team that means to be highly successful then you should write in strictest confidence, with a day time telephone number, quoting reference number R278 to:

MANAGEMENT FIRST SELECTION LIMITED
9 KINGSWAY LONDON WC2B 6XF
TELEPHONE: 01-836 0532 FACSIMILE: 01-831 0857

Group Internal Auditor

Leisure

We are acting for a major plc Leisure Group which specialises in presenting sports and entertainment events, exhibitions and conference facilities and in the provision of ancillary services to the leisure industry. The Group, with turnover exceeding £110m, operates throughout the UK, USA and Europe – and is expanding.

As the Internal Auditor, you will be responsible to the Group Finance Director for auditing all internal controls/operating systems of subsidiaries within the Group.

This is a new appointment offering an interesting variety of duties with the opportunity of gaining first-hand knowledge of all activities within a fast-growing industry. For the right person there is tremendous scope for the future.

You must be a qualified accountant with a knowledge of computerised systems and experience of spreadsheet analysis. This may attract someone looking for a first appointment outside the profession. This position will inevitably involve some degree of travel.

Salary to £25,000 + car, share option scheme and usual benefits. Location, London Head Office.

Please write, in strict confidence, enclosing CV with details of current salary, quoting ref. 478 to Douglas Atkins

DBA SEARCH & SELECTION

DBA Associates Limited
Clerks' Well House
19 Britton Street
London EC1M 5NQ
Tel: 01-250 0003

GROUP ACCOUNTANT

We are a 'privately' owned, long established, London motor group. We are looking for an energetic young accountant to inject new blood into the business.

We take it for granted that you will be comfortable with computerized management accounting disciplines, and be a competent manager of people.

As well as assuming overall responsibility for the accounting aspects of our business it is imperative that you contribute actively at board level to planning of our continued growth and financial success.

This is a key appointment for us and we offer a substantial salary, company car. BUPA, private pension plan and scope for considerable job satisfaction.

Please apply by letter Box A1396, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

GOVERNMENT OF THE CAYMAN ISLANDS

The Public Service Commissioners invite applications from suitably qualified candidates for the post of:

DEPUTY SUPERINTENDENT OF INSURANCE

Applicants should be qualified Chartered Accountants with a minimum of 5 years' experience in auditing insurance companies. Candidates should be proficient with computers and possess good human relations skills. Experience in offshore financial centres or with the Department of Trade an advantage.

The duties of the post include administration of regulatory functions determined by Law and Regulations, examining annual insurance returns and audited financial statements, development of computer audit systems, training of junior staff and preparation and analysis of statistical data.

Salary fixed at CI$39,660 per annum. (CI$1 = US$1.20). No income tax is payable in the Cayman Islands.

The appointment is on contract for two years initially. Leave entitlement is 20 working days per annum. Benefits include air passages, medical care and housing assistance at 50% of rental upto a maximum Government contribution of CI$500 per month.

Application form, together with notes on conditions of service including housing, medical benefits, leave and baggage entitlement are available from:
Cayman Islands Government Representative
Trevor House
100 Brompton Road
Knightsbridge
London SW3 1EX | **Telephone: 01 823 7613**

Applications should be completed and returned by 30 November 1989.

FINANCE DIRECTOR

Cameron Hall Developments Limited was responsible for the pioneering development of the Gateshead MetroCentre. It is a family company with predominant interest in property development and investment and with supporting interests in manufacturing and marketing. It is currently entering the field of hotel and conference management and embarking upon a major development of the Wynyard Estate on Teeside.

We seek a Financial Executive to join our Main Board and assist us through the next phase of our growth. The position will appeal to a qualified Accountant who is used to operating at all levels and being part of a professional management team. Previous experience in the property sector and of funding and taxation matters would be a distinct advantage. This is new position with considerable scope for developing the finance function and establishing appropriate reporting and control procedures within the Group.

The appointment will be based at our Head Office at Wynyard Hall and relocation assistance will be provided. This is a senior position and it will be competitively rewarded. Please apply in writing supporting your application with a comprehensive C.V. to the Administration Manager at:

CAMERON HALL DEVELOPMENTS LTD
Wynyard Hall
BILLINGHAM
Cleveland
TS22 5NF

Wynyard

Financial Directors

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